



5 August 2009

Level 7,
1 O'Connell St
Sydney NSW 2000

Dear Stapled Securityholder,

Telephone: + 61 02 8231 8588
Facsimile: + 61 02 8231 8500
Web: www.alegroup.com.au

ALE Property Group – Capital Management Initiatives

In conjunction with the announcement of our FY2009 results, ALE Property Group (**ALE**) is today announcing a number of important, proactive Capital Management Initiatives to reduce gearing from approximately 68% to approximately 50% and further strengthen ALE's balance sheet.

ALE intends to raise approximately \$105 million through:

- a 1 for 2 renounceable accelerated pro-rata Entitlement Offer to raise approximately \$76 million at an Offer Price of \$1.50 per New Stapled Security (**Entitlement Offer**); and
- an institutional placement to raise approximately \$29 million at an issue price of \$2.25 per New Stapled Security (**Institutional Placement**).

The issue price under the Institutional Placement represents a discount of 12.7% to the 5-day volume weighted average price of ALE Stapled Securities.

The Offer Price under the Entitlement Offer represents a discount of 41.8% to the 5-day volume weighted average price of ALE Stapled Securities, a discount of 32.2% to the theoretical ex-rights price¹ and a discount of 33.1% to pro forma net asset value per ALE Stapled Security as at 30 June 2009.

In addition to the capital raising, ALE will target \$120 million of assets sales over FY2010 at prices that deliver a profitable outcome for Securityholders. This follows on from the successful sale of five properties during June 2009 at a 10.5% premium to book values.

These Capital Management Initiatives will reduce gearing in the current operating environment by 18.6% to approximately 50%². A lower gearing level will position ALE strongly to refinance a number of its debt facilities well ahead of scheduled maturities in CY2011.

Further details on the Capital Management Initiatives are available in the Investor Presentation which has been released to the ASX this morning and is also available on our website www.alegroup.com.au. Eligible Retail Stapled Securityholders will also receive a Retail Offer Booklet.

Retail Stapled Securityholders who have any queries regarding the Entitlement Offer are encouraged to contact the ALE Property Group Entitlement Offer Information Line on 1300 016 250 (within Australia) or +61 3 9415 4622 (outside Australia) at any time from 8.30 am to 5.00 pm (Sydney time).

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of ALE.

Yours faithfully,

Peter Warne
Chairman
ALE Property Group

¹ Based on the pre offer trading price and the Entitlement Offer Price

² Net debt / total assets less cash derivative assets. Assumes \$120 million of target asset sales at book value

Australian Leisure and Entertainment Property Management Limited ABN 45 105 275 278

Australian Leisure and Entertainment Property Trust ARSN 106 063 049



YOUNG & JACKSON

THE RIGHT MIX

SOUND MANAGEMENT WITH SOLID RETURNS

100 years for Melbourne's favourite maiden!

2009 marks a special occasion for the famous Chloe, with the portrait gracing the walls of the Young & Jackson Hotel since 1909. The work of distinguished French academician Jules Joseph Lefebvre, Chloe first made her debut in 1875 before finding her way to Y&J where she has lived for 100 years.



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ALE PROPERTY GROUP (ASX: LEP)

ALE Property Group is Australia's largest listed freehold owner of pubs. Established in November 2003, ALE owns a property portfolio of 100 pubs across the five mainland states of Australia. All of the pubs in the portfolio are leased to Australian Leisure and Hospitality Group Limited (ALH). ALH is Australia's largest pub operator and is 75% owned by Woolworths Limited and 25% by the Bruce Mathieson Group.

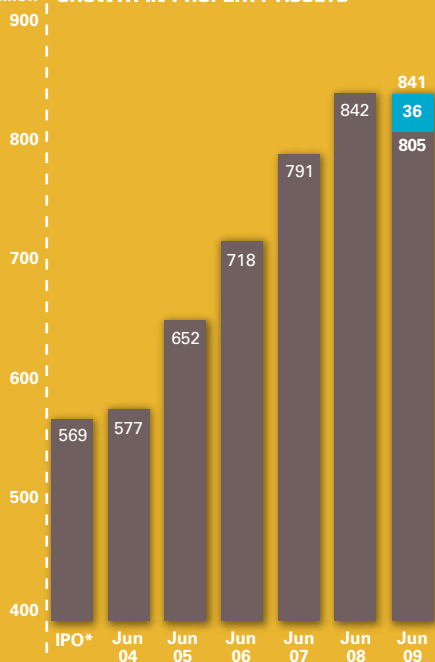
Visit the ALE website for more information – www.alegroup.com.au



ALE remains Australia's best performing real estate investment trust for the nearly six years since our IPO in November 2003. Over this period, ALE provided its security holders with an annual compound total return (including distributions plus security price movements) of 32.6%.

AS AUSTRALIA'S BIGGEST PUB OWNER, ALE'S PORTFOLIO STANDS AT 100 QUALITY PUBS WITH AN AVERAGE REMAINING LEASE TERM OF 19 YEARS. THIS PROVIDES SECURITY OF **VALUE** AND INFLATION INDEXED REVENUE GROWTH.

\$ million **GROWTH IN PROPERTY ASSETS**



ALE's properties have increased during strong markets and substantially maintained their position in more challenging times. The value of the properties has risen from \$569 million in 2003 to \$841 million in 2009 (including recent property sales).

* Initial public offer November 2003.

■ Sales result of six pubs sold during the year.

ALE's strong performance in the market has been further cemented with the recent Australian commercial property downturn proving that a combination of sound management and a strong long term lease covenant continue to set ALE's properties apart. Security holders received another significant distribution during the year.

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THE ALE DIFFERENCE – ALL PUBS IN THE ALE PORTFOLIO HAVE AN AVERAGE LEASE TERM OF 19 YEARS TO MEMBERS OF THE ALH GROUP, AUSTRALIA'S LEADING PUB OPERATOR.





110 YEARS YOUNG

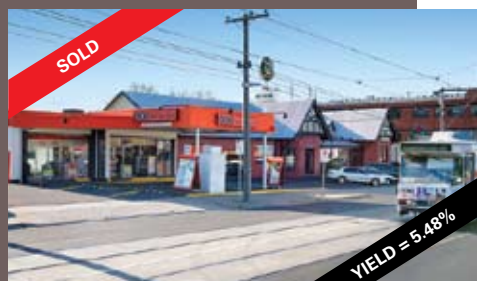
Arguably Australia's most famous watering hole, the **Breakfast Creek Hotel** was built in 1889 and is celebrating its 110th birthday this year. Built in the French Renaissance style popular at the time by a former lord mayor of Brisbane, the Breakfast Creek first opened its doors in 1889 and has been a popular venue ever since. www.breakfastcreekhotel.com.au

The strength of ALE's property portfolio was highlighted by the sale of six pubs to mostly individual private investors. Selling for an average yield of 5.8%, the pubs were highly contested at two separate auctions in Melbourne and Sydney, attracting interest from around Australia and resulting in total proceeds of \$36.3 million. This equated to a 10.5% premium above the properties' December 2008 book value.

AS PART OF THE GROUP'S **CAPITAL MANAGEMENT STRATEGY**, ALE'S SALE OF SIX PUBS TO MOSTLY INDIVIDUAL PRIVATE INVESTORS GROSSED A TOTAL OF \$36.3 MILLION, OUTLINING THE STRONG DEMAND FOR THE ALE MODEL OF QUALITY PUBS, STRONG TENANTS AND LONG LEASE TERMS.



ALE sold five pubs in June 2009.
 Kirribilli Hotel, NSW
 Pymble Hotel, NSW
 Elsternwick Hotel, VIC
 Rose Shamrock & Thistle Hotel, VIC
 Rifle Club Hotel, VIC.



Elsternwick, Elwood VIC
 The Elsternwick Hotel was sold at auction amid significant competition from a large number of bidders. The final price reflected a purchase yield of 5.08%.



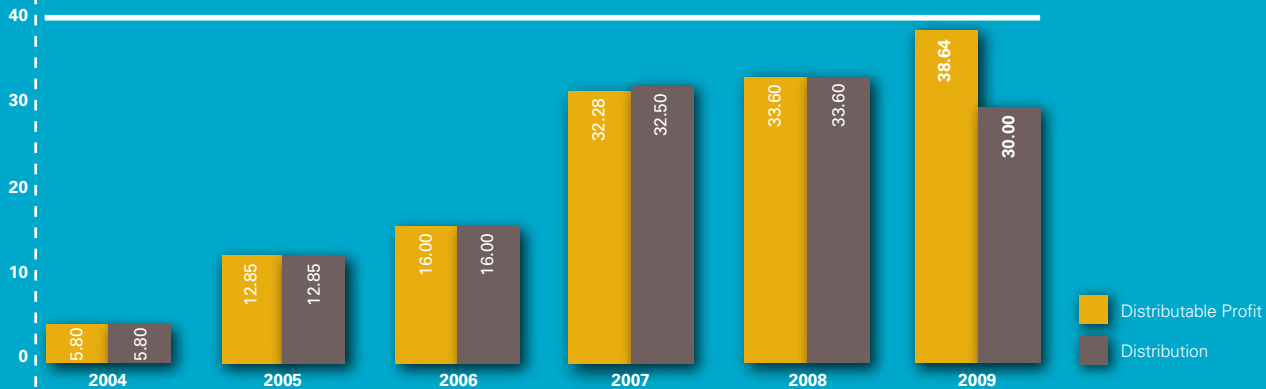
New Brighton Hotel, Manly NSW

This hotel has operated as a pub since 1926. Located on the Corso pedestrian mall, it is just metres from the world famous Manly Beach.

ALE has adopted an approach to distributions that is consistent with its capital management philosophy. Over FY09, ALE paid distributions consistent with its expectation that maturing debt will be refinanced before calendar 2011 at higher credit margins than those currently prevailing.

ALE'S CONSISTENT MANAGEMENT OF CAPITAL AND RISK HAS RESULTED IN CASH BALANCES GROWING TO AROUND \$36 MILLION AT JUNE 2009.

CAPITAL MANAGEMENT – DISTRIBUTABLE PROFIT GROWTH
Cents per Stapled Security



* Pro-rata based on June 2004 distribution of 7.50c from Initial Public Offer (IPO) (November 2003) to June 2004.

ALE has now adopted a policy of setting distributions at a level that does not exceed the distributable profit available. As the chart above indicates, the current year distributable profit significantly exceeded the distribution payments. The surplus distributable profit retained adds to the cash balances available for future capital management. During 2007 and 2008, certain valuation increases were distributed. From 2009 valuation increases are not distributed.

**ALE HAS DELIVERED A
DISTRIBUTABLE PROFIT
THAT IS SIGNIFICANTLY
HIGHER THAN LAST
YEAR AND MET THE
DISTRIBUTION GUIDANCE
PROVIDED BY THE BOARD.**



PETER WARNE
CHAIRMAN

DEAR INVESTOR,

On behalf of your Board, it is my pleasure to report to you on ALE Property Group's performance for the period ended 30 June 2009.

THE MARKET

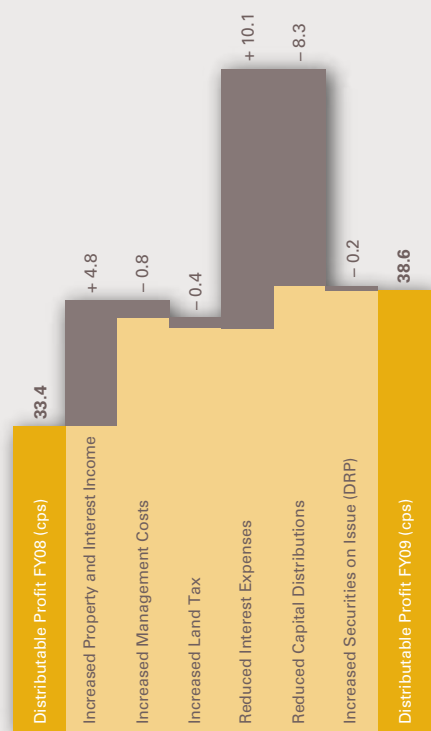
As you know, ALE operates in the commercial property and capital markets both, of which generally continue to present significant challenges. As a result of the global financial crisis, overall investor demand for commercial property has continued to reduce to even lower levels both here in Australia and offshore. At the same time, financial distress amongst some property owners and their financiers has raised concerns about the value of some commercial property particularly property outside the prime category. As a result, valuations of much commercial property, particularly secondary or lower quality commercial property, including secondary or lower quality pubs, have continued to fall in value.

Significant negative and more recently positive movements in equity markets have been evident.

Debt capital markets, particularly in the securitisation area, virtually ceased to operate and only recently have started to show signs of life. Similarly, bank lending markets have seen a material increase in the cost and reduced availability of debt funding with significant tightening of lending covenants.

The combination of these changes in markets has seen institutional investors largely cease any significant acquisitions in the commercial property area. The exception to these market developments is a renewed and strong demand from individual private investors for smaller value commercial properties where a long term lease to a quality tenant is available. In this market the flight to quality by investors in both the listed and direct property markets is now very evident.

**DISTRIBUTABLE PROFIT
COMPARED TO FY08 (CPS)**



ALE'S BUSINESS GROWTH STRATEGY

ALE's business strategy remains in place and we are in a relatively strong competitive position within the property trust sector. Board and management remain focused on:

- maintaining the security and growth of distributions to our investors;
- managing our costs at levels lower than our peers;
- managing our asset portfolio and capital structure in a way that protects against risk and adds value for both the current and future generations of ALE security holders;
- undertaking quality acquisitions at prices and with funding that locks in long term value accretion; and
- adopting and executing best practice in all compliance and regulatory matters.

In light of the continuing market circumstances, ALE undertook the following actions during the past year:

- sold six properties at prices that delivered an appropriate and significant premium to current book value; and
- continued to optimise its debt hedging strategy with additional CPI swaps.

These steps were taken to enhance ALE's liquidity and position it for both short and medium term capital management initiatives.

At the same time, ALE's investors continued to benefit from:

- long term hedging of interest rates at very low levels
- low credit margins on existing debt facilities
- previous decisions to decline investment in significant volumes of property at the top of the cycle.

FINANCIAL RESULTS

Despite ongoing market challenges, ALE delivered a financial result for the year ended 30 June 2009 that matched our own and market expectations. The high quality of ALE's properties and lease arrangements ensured that our valuations substantially held their previous position. Consistent with the guidance provided by the Board, ALE's full year distribution per security was 30.00 cents per security.

The distribution paid represented only 78% of the distributable profit generated during the year.

The current year's results have helped to contribute to ALE outperforming every other Australian real estate investment trust over the past nearly six years.

GENERAL COMMENTARY AND OUTLOOK

While it is a matter of record that ALE's stapled security price has reduced over the past year, it is reassuring that ALE has continued to outperform the majority of Australian real estate investment trusts. In the Board's view, this outperformance is another demonstration of the flight to quality by discerning investors. This quality is evident in the long term nature of the property leases, the strength and security of ALE's tenant and the resulting certainty of ALE's cash flow.

In terms of acquisitions, ALE has not proceeded with any in the past 12 months. As previously indicated, the continuing high cost of debt and equity funding is not consistent with acquisitions providing value accretion. Until the cost and availability of funding returns to levels closer to historical norms and/or property prices move down to reflect the current cost of funding, it is expected that any significant acquisitions will continue to be difficult to achieve.

ALE also notes that Woolworths Limited continues to hold 19.5% of ALE.

THANKS TO EMPLOYEES

I would like to express my gratitude to Managing Director Andrew Wilkinson and his team for their continued performance this year and also to my fellow Directors for their ongoing commitment to ALE's success. In particular, the management team executed an effective sales campaign for the properties sold in June 2009. This initiative realised a substantial profit for the benefits of security holders. As and when the property and capital market returns to some stability, the Board is confident that the discipline and innovation consistently applied over the last few years will position ALE well to participate profitably in the market for quality properties.

CORPORATE GOVERNANCE

To ensure that we abide by market best practice, the Board has again reviewed the effectiveness of the corporate governance functions. The external review of both the Board's performance and that of the Audit, Compliance and Risk Management Committee confirmed that each is working effectively with appropriate protocols in place. A few procedural recommendations of a minor nature have now been adopted. This year's Annual General Meeting (AGM) will be held on 4 November 2009 in Sydney. A Notice of Meeting with all the necessary information will be sent to stapled security holders in advance of the meeting. Once again, thank you for your continued support of ALE.

Peter Warne
Chairman

FINANCIAL HIGHLIGHTS

ANNUAL HIGHLIGHTS

- / Distributions of 30.00 cps in line with Board guidance.
- / Distributions were 77.6% of distributable profit of 38.64 cents per security.
- / Revaluation of property assets to \$804.8 million.
- / 100% of debt is hedged for a weighted average of 14.0 years.
- / Cash debt interest rate reduced to 3.14% per annum.

KEY STATISTICS	FY04	FY05	FY06	FY07	FY08
Distributable profit ¹	\$8.0m	\$11.7m	\$14.6m	\$29.4m	\$28.9m
Number of securities	90.8m	90.8m	90.8m	91.1m	85.8m
Distribution per security	7.50¢	12.85¢	16.00¢	32.50¢	33.60¢
Property values	\$576.7m	\$651.5m	\$717.6m	\$791.2m	\$842.4m
Gearing ³	80%	72%	68%	63%	69%
Net assets per security ²	\$1.41	\$2.17	\$2.64	\$3.37	\$3.08

1. Distributable profit adds back non-cash accounting items including fair value adjustments.
2. Based on 103 completed property values and three development properties at cost.
3. Total accounting liabilities as a % of total accounting assets.
4. FY09 property value excludes the five properties exchanged in June 2009 for a total value of \$27.8 million.

NOVEMBER 2003 LISTING TO AUGUST 2009 HIGHLIGHTS

Growth in market capitalisation*	\$90.8 million to \$215 million
Distributions paid to August 2009	\$1.32 (compared to \$1.00 IPO issue)
Total security holder return**	32.6% p.a.

- * Based on current security price of \$2.45.
 ** IPO to 30 June 2009.

MAJOR AUSTRALIAN SECURITIES EXCHANGE (ASX) ANNOUNCEMENTS

2009

- 15 JULY** Quality properties maintain value
- 24 JUNE** Sale of three Melbourne properties for premium prices
- 19 JUNE** Distribution in line with guidance
- 16 JUNE** Sale of two Sydney properties for premium prices
- 23 MARCH** ALE acquires the Narrabeen Sands Hotel, Sydney

FY09	CHANGE
\$33.6m	\$4.7m
87.7m	1.9m
30.00¢	(3.60¢)
\$804.8m ⁴	(\$37.6m)
71%	1%
\$3.08	\$0.00

2008

- 12 NOV** Annual General Meeting
- 19 AUGUST** ALE announces a distributable profit increase of 4.1%
- 9 JULY** ALE adds to CPI Hedging
- 30 JUNE** ALE acquires Boundary Hotel, Melbourne
- 4 JUNE** ALE introduces flexible Distribution Reinvestment Plan
- 12 MAY** Woolworths acquires 19.9% strategic holding in ALE



Redland Bay Hotel, Redland Bay QLD

The Redland Bay Hotel is located on the shores of Moreton Bay in Brisbane. It is both a prime location and a popular venue.
www.redlandbayhotel.com.au



For emailed updates, visit the ALE website and join "Email Alerts" at www.alegroup.com.au

THE GENERAL MARKET DIFFICULTIES EXPERIENCED DURING 2008 HAVE CONTINUED INTO 2009. NOTWITHSTANDING THESE CONDITIONS, **ALE HAS DELIVERED A FURTHER INCREASE IN DISTRIBUTABLE PROFIT.**



MANAGING
DIRECTOR'S
REPORT



Burleigh Heads Hotel, Burleigh Heads QLD

DEAR INVESTOR,

I am delighted to report to you for the sixth successive year another solid result for ALE. Significant growth in distributable profit, a sustained risk management position and total distribution payments in accordance with the Board's guidance have all been achieved.

**Distributable profit \$33.6 million
(up by 16.3%)**

ALE will pay distributions of \$26.2 million, or 30.00 cents per stapled security for 2009 from a distributable profit of \$33.6 million (or 38.64 cents per security). This is 16.3% higher than the distributable profit for 2008. This result compares with the ALE Board's distributable profit guidance of at least 35.00 cents per security.

Major contributors to the distributable profit result include:


INCOME

**Property income \$55.7 million
(up by \$3.5 million)**

- ALE's total income from its properties rose by \$3.5 million or 6.8% during the year, driven by an average increase in CPI across the portfolio of 5.0% and the impact of new rental income from a single acquisition, the Boundary Hotel in Melbourne.

**Interest income \$1.7 million
(up by \$0.7 million)**

- ALE holds cash on deposit in order to provide security for its senior debt facilities and provide liquidity for its ongoing operations.
- ALE has deliberately increased cash balances from around \$8.5 million to around \$35.9 million during the year in order to provide capital management flexibility. High term deposit interest rates were locked in before rates fell dramatically in late 2008.



ANDREW WILKINSON
MANAGING DIRECTOR

EXPENSES

Cash interest expense \$18.3 million (down by \$8.8 million)

- The reduction in cash interest expenses comprised:
 - CPI Hedging transacted in July and August 2008 reduced net cash interest expenses on existing borrowings by \$9.7 million.
 - additional borrowings for an acquisition increased net cash interest expenses by \$0.9 million.

Land tax \$2.0 million (up by \$0.4 million)

- ALE pays land tax in Queensland only. The large increase in land tax this year was due to another revaluation of the Queensland portfolio by the State Government. Land tax in respect of all other states is paid by the tenant, Australian Leisure and Hospitality Group Limited (ALH).

Management expenses \$3.5 million (up by \$0.6 million)

- While ALE continued to reduce expenses across a range of management items including acquisition expenses, there was a significant increase in legal costs relating to a range of matters.

- ALE's internal management structure enabled its management expense ratio (MER) to remain one of the lowest MERs in the Real Estate Investment Trust (REIT) sector. This preserves significant value for security holders compared to the fee structures adopted by externally managed trusts.

Fair value adjustments identified for distribution (down \$7.2 million)

- Previously ALE distributed identified fair value adjustments arising from CPI based rental related revaluations. This policy was changed to one where distributions are now only paid out of and therefore do not exceed distributable profit (also known as distributable profit).

NET ACCOUNTING PROFIT

Net profit for ALE includes a number of non-cash items and in particular the revaluations of all of ALE's freehold properties and derivatives during the year. Including these non-cash items, ALE's net profit before

tax for the year was \$27.5 million. This profit may be reconciled to the distributable profit of \$33.6 million by adjusting for non-cash items of \$6.1 million. These include taxation timing differences, revaluations and realised profits on properties and derivatives, non-cash interest expenses and a range of minor items.

PROPERTY VALUATIONS

Urbis independently revalued 33 of ALE's properties during the year. In addition, the Directors revalued the other 67 properties having regard to desktop valuations by Urbis. The 100 properties were valued at \$804.8 million and the average completed property capitalisation rate moved from 6.20% to 6.45%. All remaining development properties were acquired by ALE during the year at an agreed cost that was less than the valuation on completion.

Urbis concluded that the properties valued at less than \$10 million would attract a lower capitalisation rate than properties valued at more than that number. They noted that there



Albion Hotel, Albion QLD

The recently renovated Albion Hotel is located on Sandgate Road in Albion and offers both indoor and alfresco dining.
www.thealbionhotel.com.au



Berwick Inn, Berwick VIC

was significant market evidence of high levels of demand from individual private investors for smaller value high quality commercial properties. This was demonstrated by the competitive bidding at the June 2009 auctions of five ALE properties.

Urbis further observed that properties valued at more than \$10 million were less likely to attract a significant numbers of individual private investors due to difficulties in obtaining funding. On the higher value properties, the capitalisation rates increased by up to 0.31% during the year.

PROPERTY SALES

The sale of Parkway Hotel in Sydney for \$8.5 million was concluded in July 2008 at a capitalisation rate of 5.91% and this provided a net profit of \$2.0 million compared to the book value of \$6.5 million.

ALE also successfully took to market five of its properties during June 2009. The five properties were all sold at auction for an amount totalling \$27.80 million which represented a 10.5% premium to the latest

book value as at 31 December 2008. These sales provided evidence that high quality properties are currently subject to significant demand from individual private investors at what are attractive sale prices.

RISK MANAGEMENT ACTIONS

ALE continues to enjoy the strong rental covenant provided by ALH, a company ultimately 75% owned by Woolworths Limited. The lease terms are triple net and have an average unexpired lease term of around 19 years plus four options of 10 years each.

In May 2006, ALE issued an award-winning AAA-rated capital indexed bond (CIB) for \$125 million maturing in 2023. This was designed to partly match ALE's long term inflation indexed assets (leases) with long dated inflation indexed liabilities. It was the first debt issue of its type by an Australian REIT.

As previously reported, from August 2008 ALE effectively fixed (or hedged) the interest rates on 100% of its debt. Today, ALE has around 14 years of hedging. The net cash

fixed interest rate inclusive of credit margins during the year to June 2009 was 3.14% p.a.

This hedging provided ALE's security holders with more certainty around the distributable profit and therefore ability to achieve the distributions delivered.

The credit margins currently payable on the existing debt remain applicable until May 2011 and on the existing CIB until 2023, at which point they will be reset to the margins available at that time. ALE's current margins are well below those currently available in the capital markets. Upon completion of a refinancing it is expected that the higher margins will reduce the distributable profit to levels below the 38.6 cents per security delivered during the current year.

DISTRIBUTION REINVESTMENT PLAN

During last year, the Board of ALE introduced a DRP in respect of its stapled securities. ALE introduced this facility in response to requests from ALE's investors to have a convenient and efficient means of increasing their investment in ALE.



Crows Nest Hotel, Crows Nest NSW

An institution on the lower North Shore for nearly 80 years, "The Crowie" as it is affectionately known has live entertainment and a more traditional and relaxed atmosphere.
www.crowsnesthotel.com.au

ALE's Board will make a decision on the future of the DRP in advance of future distribution payments having due regard to the best interests of security holders.

ALE'S TOTAL RETURN PERFORMANCE

According to investment bank UBS Australia, ALE was Australia's best performing ASX listed REIT for both the five and three years ended 30 June 2009. Over the last nearly six years, ALE provided its security holders with an annual compound total return (including distributions plus security price movements) of 32.6%.

Over the five years and nine months to 31 August 2009, ALE will have paid distributions of around \$1.32 compared to an initial IPO investment of \$1.00. Over and above this return on initial investment, investors continue to hold a security trading at the current market price.

VALE HOTEL

In February 2008, ALH sought declarations in the Supreme Court of Victoria on the proper interpretation of its lease as it relates to the development of a large amount of vacant land available (balance lot) at the Vale Hotel, Mulgrave, Victoria. ALE and ALH are due to have the matter determined by the Supreme Court of Victoria in October 2009. It is pointed out that the lease specifies that ALE is entitled to be kept whole in the event of any development. The determination will provide guidance on the extent of ALH's development rights.

FY09 DISTRIBUTIONS

ALE will pay distributions totalling 30.00 cents per security in the current year. The 15.00 cent FY09 second half distribution will be paid on 31 August 2008 to stapled security holders on ALE's register as at 5pm on 30 June 2009.

The total distribution met the guidance of 30.00 cents per stapled security and pays out around 77.6% of the distributable profit generated during the year. The remaining 22.4% of retained distributable profit effectively added to the cash balances during the year.

ALE's FY09 distribution is 58.2% tax deferred, 24.4% capital gains tax concessional and 17.4% discounted capital gain. The taxable component arose due to the additional realised profits arising substantially from the June 2009 property sales.



Andrew Wilkinson
Managing Director



Doncaster Inn, Doncaster VIC

The Doncaster Inn has easy access to the Eastern Freeway and has a family friendly bistro and dining area. The public bar has nightly entertainment and a spacious SuperTAB and Sportsbar.
www.doncasterhotel.com.au



MANAGEMENT TEAM



BRENDAN HOWELL

BEC, GDipAppFin
**Company Secretary
and Compliance Officer**

The Company Secretary is Mr Brendan Howell. Brendan was appointed to the position of company secretary in April 2007, having previously held the position from September 2003 to September 2006.

Brendan has a Bachelor of Economics from the University of Sydney and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and over 19 years experience in the funds management industry. He was formerly an associate member of both the Securities Institute of Australia and the Institute of Chartered Accountants in Australia. Brendan has a property and accounting background and has previously held senior positions with a leading Australian trustee company administrating listed and unlisted property trusts. For over 10 years Brendan has been directly involved with MIA Services Pty Limited, a company which specialises in funds management compliance, and acts as an independent consultant and external compliance committee member for a number of property, equity and infrastructure fund managers. Brendan also acts as an independent director for several unlisted public companies, some of which act as responsible entities.

ANDREW SLADE

BEC (Actuarial Studies)
Capital Manager

Andrew joined ALE in July 2005. Andrew has 19 years experience in investment banking and structured finance.

Andrew spent 10 years with Oxley Corporate Finance, where he was involved with a range of structured, project and property finance transactions, the latter involving major Australian companies and listed property trusts. For the last nine years Andrew has acted as principal of Slade Financial Consulting, where he has provided advice on structured property and asset based financing arrangements for public and private sector projects. Andrew has a Bachelor of Economics degree, majoring in Actuarial Studies, from Macquarie University.

MICHAEL CLARKE

BCom, MMan, CA
**Finance Manager
and Assistant Company Secretary**

Michael joined ALE in October 2006. Michael has over 26 years experience in accounting, taxation and financial management.

Michael previously held senior financial positions with subsidiaries of listed public companies and spent 12 years working for Grant Thornton. Michael has also owned and managed his own accounting practice. Michael has a Bachelor of Commerce degree from the University of New South Wales and a Master of Management from Macquarie Graduate School of Management. Michael is a member of the Institute of Chartered Accountants in Australia.

ANDREW WILKINSON

BBus, CFTP
Managing Director

Andrew was appointed Managing Director of the Company in November 2004. He joined ALE as Chief Executive Officer at the time of its listing in November 2003.

Andrew has over 25 years experience in banking, corporate finance and funds management. He was previously a corporate finance partner with PricewaterhouseCoopers, and spent 15 years in finance and investment banking with organisations including ANZ, Capel Court and Schroders.

GABRIELLE FITZGERALD

GCertPM, GDipPM
Property Manager

Gabrielle joined ALE in May 2009 to assist with a range of property management and sales activities.

Gabrielle holds a graduate diploma in project management and has over 15 years experience in the property and development sectors of Australia and overseas.

Having held senior positions with Jones Lang LaSalle in Melbourne and London, being a member of Arsenal Football Club's stadium regeneration team and most recently heading up Hamton Property Group's retirement living business. Gabrielle is also the founder of the Fitzgerald Foundation, a national charity supporting young brain cancer sufferers and their families.

1000

ALE'S **QUALITY PUBS ARE WELL POSITIONED** IN MAJOR POPULATION CATCHMENT AREAS AROUND AUSTRALIA.



VICTORIA – 40 PUBS
(INCLUDING MELBOURNE CITY AND
SUBURBAN LOCATIONS)

Ashley Hotel, Braybrook
Bayswater Hotel, Bayswater
Berwick Inn, Berwick
Blackburn Hotel, Blackburn
Blue Bell Hotel, Wendouree
Boundary Hotel, East Bentleigh
Burvale Hotel, Nunawading
Club Hotel, Ferntree Gully
Cramers Hotel, Preston
Davey's Hotel, Frankston
Deer Park Hotel, Deer Park
Doncaster Inn Hotel, Doncaster
Eltham Hotel, Eltham
Ferntree Gully Hotel & Motel, Ferntree Gully
Gateway Hotel, Corio
Keysborough Hotel, Keysborough
Mac's Hotel, Melton
Meadow Inn Hotel, Fawkner
Mitcham Hotel, Mitcham
Morwell Hotel, Morwell
Mountain View Hotel, Glen Waverley
Olinda Creek Hotel, Lilydale
Pier Hotel, Frankston
Plough Hotel, Mill Park
Prince Mark Hotel, Doveton
Royal Hotel Essendon, Essendon
Royal Exchange Hotel, Traralgon
Royal Hotel, Sunbury
Sandbelt Hotel, Moorabbin
Sandown Park Hotel, Noble Park
Sandringham Hotel, Sandringham
Somerville Hotel, Somerville
Stamford Inn Hotel, Rowville
Sylvania Hotel, Campbellfield
Tudor Inn Hotel, Cheltenham
The Vale Hotel, Mulgrave
Victoria Hotel, Shepparton
Village Green Hotel, Mulgrave
Westmeadows Tavern, Westmeadows
Young & Jackson Hotel, Melbourne

QUEENSLAND CITY – 24 PUBS
(INCLUDING BRISBANE CITY AND
SUBURBAN LOCATIONS)

Albany Creek Tavern, Albany Creek
Albion Hotel, Albion
Alderley Arms Hotel, Alderley
Banyo Tavern, Nudgee
Breakfast Creek Hotel, Breakfast Creek
Camp Hill Hotel, Camp Hill
Chardons Corner Hotel, Annerly
Country Club Hotel, Strathpine
Edinburgh Castle Hotel, Kedron
Ferny Grove Tavern, Ferny Grove
Hamilton Hotel, Hamilton
Holland Park Hotel, Holland Park
Kedron Park Hotel, Kedron Park
Lawnton Tavern, Lawnton
Mt Gravatt Hotel, Mt Gravatt
Oxford 152 Hotel, Bulimba
Prince of Wales Hotel, Nundah
Racehorse Hotel, Booval
Redland Bay Hotel, Redland Bay
Royal Exchange Hotel, Toowong
Springwood Hotel, Springwood
Stones Corner Hotel, Stones Corner
Sunnybank Hotel, Sunnybank
Wilsonton Hotel, Toowoomba

QUEENSLAND COAST – 13 PUBS

Anglers Arms Hotel, Southport
Balaclava Hotel, Cairns
Burleigh Heads Hotel, Burleigh Heads
Caloundra Hotel, Caloundra
Dalrymple Hotel, Townsville
Edge Hill Tavern, Cairns
Kirwan Tavern, Townsville
Miami Hotel, Miami
Mount Pleasant Tavern, Mackay
Noosa Reef Hotel, Noosa Heads
Palm Beach Hotel, Palm Beach
Pelican Waters, Caloundra
The Vale Hotel and Aikenvale Motel,
Townsville

NEW SOUTH WALES – 10 PUBS
(INCLUDING SYDNEY CITY
AND SUBURBAN LOCATIONS)

Blacktown Inn Hotel, Blacktown
Brown Jug Hotel, Fairfield Heights
Colyton Hotel, Colyton
Crows Nest Hotel, Crows Nest
Melton Hotel, Auburn
Narrabeen Sands Hotel, Narrabeen
New Brighton Hotel, Manly
Pioneer Tavern, Penrith
Pritchard's Hotel, Mt Pritchard
Smithfield Hotel, Smithfield

SOUTH AUSTRALIA – 9 PUBS
(INCLUDING ADELAIDE CITY
AND SUBURBAN LOCATIONS)

Aberfoyle Hub Tavern, Aberfoyle Park
Enfield Hotel, Clearview
Eureka Hotel, Salisbury
Exeter Hotel, Exeter
Finsbury Hotel, Woodville North
Gepps Cross Hotel, Blair Athol
Hendon Hotel, Royal Park
Ramsgate Hotel, Henley Beach
Stockade Tavern, Salisbury

WESTERN AUSTRALIA – 4 PUBS

Balmoral Hotel, Victoria Park
Queens Tavern, Highgate
Sail and Anchor Hotel, Fremantle
The Brass Monkey, Northbridge

40

**ALE OWNS A TOTAL OF
40 FREEHOLD PUB
PROPERTIES IN VICTORIA,**
VALUED AT \$395.6 MILLION*
AND LOCATED WITHIN
30KM OF THE CBD WITH A
LARGE NUMBER POSITIONED
WITHIN MAJOR POPULATION
CATCHMENTS.



**Young & Jackson Hotel, Melbourne,
VIC (right)**

The iconic Young & Jackson Hotel is located directly opposite the heritage listed Flinders Street station. Home to the famous "Chloe", the Young & Jackson is a Melbourne institution. The hotel showcases great Australian food, wine and beer (including its own brew, Young & Jackson's Naked Ale).
www.youngandjackson.com.au

Stamford Inn, Rowville, VIC (above)

Known as one of the more diverse pubs in the portfolio with two restaurants, two bars, two function rooms and a recent Dan Murphy addition, the Stamford caters to a wide range of patrons. Located on a large site in Melbourne's south-east, the Stamford Inn is five minutes from the South Eastern Freeway.
www.thestamford.com.au

* As at June 2009.



Doncaster Inn, Doncaster VIC (above)
Centrally located in Doncaster, the recently renovated Hotel caters to everyone with its bistro, kids area, private function rooms, ample parking and easy access.
www.doncasterhotel.com.au



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PRIME COASTAL LOCATIONS, QUALITY BRISBANE SUBURBS AND A PENCHANT FOR ALFRESCO DINING MAKE UP THE **QUALITY PORTFOLIO OF 37 FREEHOLD QUEENSLAND PUBS** VALUED AT A TOTAL \$241.5 MILLION*.

Albion Hotel, Albion QLD (right)

Located within 10km of Brisbane on Sandgate Road in Albion, the Albion Hotel is home to the Cucina Bar & Restaurant and offers both indoor and alfresco dining in an elegant Mediterranean atmosphere, a broad selection of beer on tap along with private function facilities for hire.

www.thealbionhotel.com.au

Sunnybank Hotel, Sunnybank QLD (below)

Located in a prime position in McCullough Street on one of Brisbane's major intersections. The site area is close to 28,000sqm and offers a full range of entertainment and dining facilities along with motel style accommodation.

www.sunnybankhotel.com.au



* As at June 2009.

10

ALE'S NEW SOUTH WALES PORTFOLIO IS VALUED AT \$99.7 MILLION* AND **BOASTS THE CROWS NEST HOTEL AS ONE OF THE 10 FREEHOLD PUB LOCATIONS.**

Crows Nest Hotel, Crows Nest NSW (right)

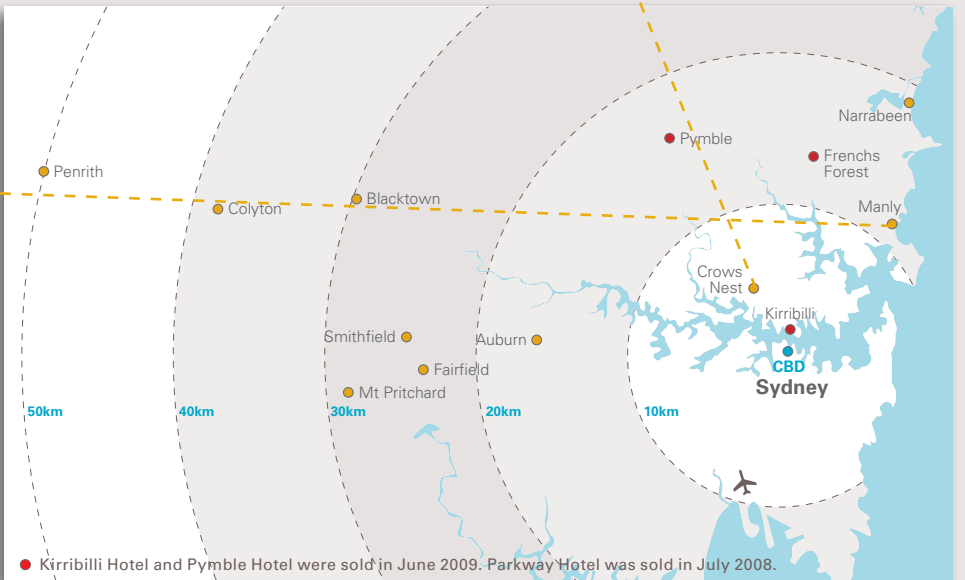
Built in 1927, "The Crowie" has become an institution on the lower North Shore and is one of ALE's landmark pubs. Located on a five way intersection, it caters to a diverse clientele base and is renowned for its entertainment offering.

www.crowsnesthotel.com.au

New Brighton Hotel, Manly NSW (below)

Located in the heart of Manly on Sydney's beautiful northern beaches, the New Brighton Hotel is one of the north side's premier venues. Established in 1926, the hotel is an icon to the area and well known for both its lounge and Shark Bar.

www.newbrightonhotel.com.au



* As at June 2009.

9

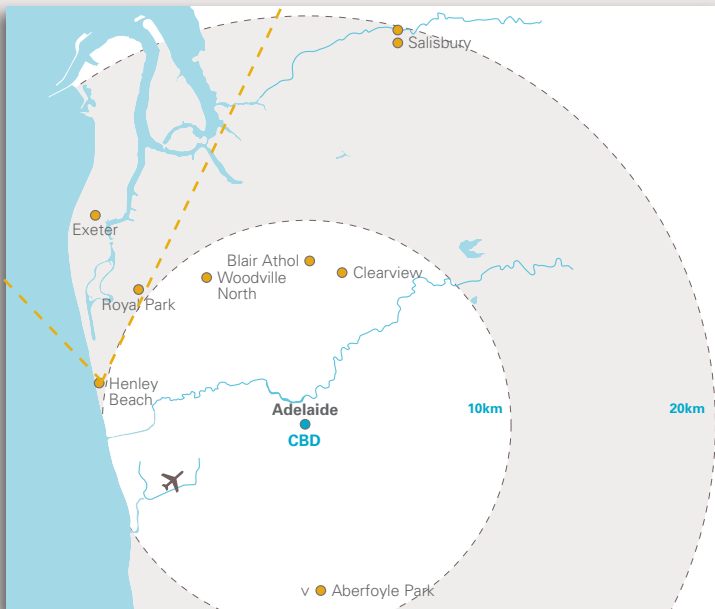
CENTRALLY LOCATED TO ADELAIDE CBD, ALE OWNS NINE FREEHOLD PUB PROPERTIES IN SOUTH AUSTRALIA WITHIN 20KM OF THE CBD AT A VALUE OF \$41.9 MILLION*.



Ramsgate Hotel, Henley Beach SA (above and right)

Located 10km directly west of the CBD, Henley is regarded as the best beach in Adelaide's metropolitan area. The Ramsgate is a popular venue located across the road from a number of attractions, including the local community amphitheatre, beach and pier.

www.ramsgatehotel.com.au



* As at June 2009.

4

ALE'S WESTERN AUSTRALIAN PORTFOLIO INCLUDES FOUR WELL KNOWN PUB PROPERTIES STRATEGICALLY **LOCATED IN POPULAR, GROWTH AREAS OF PERTH** VALUED AT \$25.8 MILLION*.



Sail and Anchor Hotel, Fremantle WA (above and right)

Established in 1903 as the Freemasons Hotel, the Sail and Anchor was redeveloped in 1985 as one of Australia's first pub breweries and has since developed an internationally renowned handcrafted beer portfolio. The Sail and Anchor Hotel is the premier hotel in Fremantle and a beautiful example of Victorian (Federation) pub architecture and is close to all amenities. www.sailandanchor.com.au



* As at June 2009.

BOARD OF DIRECTORS



PETER H WARNE

BA
Chairman and Non-executive Director

Peter was appointed as Chairman and a non-executive director of the Company in September 2003.

Peter began his career with the NSW Government Actuary's Office and the NSW Superannuation Board before joining Bankers Trust Australia Limited (BTAL) in 1981. Peter held senior positions in the Fixed Income Department, the Capital Markets Division and the Financial Markets Group of BTAL and acted as a consultant to assist with integration issues when the investment banking business of BTAL was acquired by Macquarie Bank Limited in 1999. Peter is also a board member of four other listed entities being ASX Limited, Macquarie Group Limited, and WHK Group Limited. Peter graduated from Macquarie University with a Bachelor of Arts, majoring in Actuarial Studies. He qualified as an associate of, and received a Certificate of Finance and Investment from, the Institute of Actuaries, London.

ANDREW WILKINSON

BBus, CFTP
Managing Director

Andrew was appointed Managing Director of the Company in November 2004. He joined ALE as Chief Executive Officer at the time of its listing in November 2003.

Andrew has over 25 years experience in banking, corporate finance and funds management. He was previously a corporate finance partner with PricewaterhouseCoopers, and spent 15 years in finance and investment banking with organisations including ANZ Capel Court and Schroders.

JOHN HENDERSON

BBIdg, MRICS, AAPI
Non-executive Director

John was appointed as a non-executive director of the Company in August 2003.

John has been a Director of Marks Henderson Pty Ltd since 2001 and is actively involved in the acquisition of investment property. Previously an International Director at Jones Lang LaSalle and Managing Director of the Sales and Investment Division, he was responsible for overseeing the larger property sales across Australasia, liaising with institutional and private investors, and coordinating international investment activities. John graduated from the University of Melbourne and is a member of the Royal Institution of Chartered Surveyors, is an associate of the Australian Property Institute and is a licensed real estate agent.

JAMES McNALLY

BBus (Land Economy), DipLaw
Executive Director

James was appointed as an executive director of the Company in June 2003.

James has over 16 years experience in the funds management industry having worked in both property trust administration and compliance roles for Perpetual Trustees Australia Limited and MIA Services Pty Limited, a company that specialises in compliance services to the funds management industry. James provides compliance and management services to several Australian fund managers. He is currently an external member on a number of compliance committees for various responsible entities and acts as a Responsible Officer for a number of companies that hold an Australian Financial Services Licence, including the Company. James' qualifications include a Bachelor of Business in Land Economy (Hawkesbury Agricultural College) and a Diploma of Law (Legal Practitioners Admission Board). He is a registered valuer and licensed real estate agent.

HELEN WRIGHT

LLB, MAICD
Non-executive Director

Helen was appointed as a non-executive director of the Company in September 2003.

Helen was a partner of Freehills, a leading Australian firm of lawyers, from 1986 to 2003. She practised as a commercial lawyer specialising in real estate projects including development and financing and related taxation and stamp duties. Helen is the Local Government Remuneration Tribunal for NSW and until recently was the Statutory and Other Offices Remuneration Tribunal. Prior appointments included the Boards of Sydney Harbour Foreshore Authority and subsidiaries, Australia Day Council of NSW, Darling Harbour Authority, UNSW Press Limited and MLC Homepack Limited. Helen has a Bachelor of Laws from the University of NSW, and in 1994 completed the Advanced Management Program at the Harvard Graduate School of Business.

Company Secretary

BRENDAN HOWELL
BEc, GDipAppFin (Sec Inst)

The company secretary is Mr Brendan Howell. Brendan was appointed to the position of company secretary in April 2007, having previously held the position from September 2003 to September 2006.

Brendan has a Bachelor of Economics from the University of Sydney and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and over 19 years experience in the funds management industry. He was formerly an associate member of both the Securities Institute of Australia and the Institute of Chartered Accountants in Australia. Brendan has a property and accounting background and has previously held senior positions with a leading Australian trustee company administering listed and unlisted property trusts. For over 10 years Brendan has been directly involved with MIA Services Pty Limited, a company which specialises in funds management compliance, and acts as an independent consultant and external compliance committee member for a number of property, equity and infrastructure funds managers. Brendan also acts as an independent director for several unlisted public companies, some of which act as responsible entities.

CORPORATE GOVERNANCE

Independent member of the Audit, Compliance and Risk Management Committee (ACRMC)

DAVID LAWLER

BBus, CPA

David was appointed to ALE's ACRMC on 9 December 2005 and has 25 years experience in internal auditing in the banking and finance industry. He was the Chief Audit Executive for Citibank in the Philippines, Italy, Switzerland, Mexico, Brazil, Australia and Hong Kong. He was Group Auditor for the Commonwealth Bank of Australia.

David is an audit committee member of the Australian Office of Financial Management, the Defence Materiel Organisation, the Australian Trade Commission, the Australian Sports Anti-Doping Authority, AusAID (the Australian Agency for International Development) and National ICT Australia.

David is a director of Australian Settlements Limited and chairman of its audit and risk committee. David has a Bachelor of Business Studies from Manchester Metropolitan University in the UK. He is a Fellow of CPA Australia and a past President of the Institute of Internal Auditors – Australia.

The Board of Directors of Australian Leisure and Entertainment Property Management Limited (ALE) is accountable to stapled security holders for the performance of ALE.

Set out below is a summary of the main corporate governance practices of ALE. These practices have been in effect during the year ended 30 June 2009.

ROLES OF THE BOARD AND MANAGEMENT

The Board's responsibilities encompass the following:

1. input to and final approval of management's development of corporate strategy and performance objectives
2. appointing and, where appropriate, removing the Managing Director (MD)
3. ratifying the appointment of and, where appropriate, the removal of the Acquisitions Manager, Finance Manager and the Company Secretary
4. oversight of ALE, including its controls and accountability systems
5. identification, assessment and ratification of plans to control and manage risks facing ALE including interest rate risk, liquidity risk and financial covenant compliance as well as the overview of all systems of risk management, including risk reporting
6. annual review and approval of annual budgets and financial plans
7. overseeing and monitoring organisational performance and the achievement of ALE's strategic goals and objectives
8. monitoring financial performance and liaising with ALE's external auditor
9. reviewing and ratifying systems of internal compliance and control, codes of conduct and legal compliance
10. reviewing capital management strategy formulation including hedging, buybacks and refinancing arrangements
11. approval of all new policies and procedures relating to the proper functioning of ALE including all financial and operational matters
12. monitoring of senior management performance and implementation of strategy, and ensuring appropriate resources are available and succession plans are in place

13. approving and monitoring the progress of major strategic initiatives including capital expenditure, capital management, acquisitions and divestitures

14. enhancing and protecting the reputation of ALE

15. reporting to, and communicating with, ALE's security holders

16. approving and monitoring financial and other reporting, and

17. establishing and maintaining ethical standards.

The Board delegates to the MD responsibility for implementing strategic direction, and for managing the day-to-day operations of ALE. The MD consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

In carrying out its responsibilities, the Board undertakes to serve the interests of stapled security holders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

BOARD COMPOSITION

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution.

The Board has determined that it is currently appropriate to have five directors, three of whom, including the Chairman, are non-executive.

The three non-executive directors, Peter Warne, John Henderson and Helen Wright, are independent directors as defined under section 601JA of the Corporations Act, and satisfy the principles of independence as outlined in the ASX Corporate Governance Council Recommendations. A review of each director's independence is undertaken by tabling any changes in director interests at each and every ALE Board meeting and more formal assessments of independence are undertaken from time to time.

The Chairman is selected by the full Board annually at the first meeting following the annual general meeting (AGM), and is to be an independent director in accordance with the Board Charter and ASX Corporate Governance guidelines.

The Board has implemented an annual performance evaluation process for management, directors, the Board and its committees. Part of this process is to also ensure that the Board and its committees maintain an appropriate balance of skills, experience and expertise.

Details of the performance evaluation process for management are set out in the directors' report in the Annual Report.

The Board appoints a specialist governance adviser every three years to review the performance of the Board and that of directors. The Chairman of the Board undertook a review of the Board's performance during the last quarter of 2008, and will undertake a further review of the Board's performance at the end of this year.

Under the Company's Constitution, a director may not hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. If no director would otherwise be required to submit for re-election but the ASX Listing Rules require that an election of directors be held, the director to retire at the AGM is the director who has been longest in office since their last election.

Peter Warne and Helen Wright will be retiring and standing for re-election as directors of the Company at its next AGM.

INDEPENDENT PROFESSIONAL ADVICE

After prior approval of the Chairman, directors may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties.

ETHICS AND CONDUCT

In accordance with ALE'S Code of Conduct, all directors and employees are expected to perform their duties professionally and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of ALE.

AUDIT, COMPLIANCE AND RISK MANAGEMENT COMMITTEE (ACRMC)

To assist it in carrying out its responsibilities, the Board has established an ACRMC. This is a standing committee that is composed of four members, being three non-executive independent directors and an independent consultant.

Helen Wright, an independent director, has been appointed as Chair of the Committee. The other members of the Committee are Peter Warne and John Henderson, also independent directors, and independent consultant David Lawler.

The ACRMC meets at least four times a year.

As the Board comprises 50% or more independent directors, an independent compliance committee has not been appointed. The Board has, however, determined that the ACRMC fulfil this role.

Details of the members of the ACRMC and their attendance at meetings are set out in the directors' report in the Annual Report.

Given the small number of staff within the Company, the Company does not have an internal audit function. To ensure appropriate levels of internal control, ALE commissions an annual controls review. Following the completion of the review, BDO reported to the Committee on 18 June 2009 that the standard of controls was assessed as acceptable.

BOARD AND EXECUTIVE REMUNERATION

Details of Board and executive remuneration are set out in the directors' report in the Annual Report.

INDEPENDENCE AND MATERIALITY THRESHOLDS

The Board considers that a director is independent if the director is a non-executive director and:

1. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
2. within the last three years has not been employed in an executive capacity by the Company or another Group member; or been a director after ceasing to hold any such employment

3. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided
4. is not a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
5. has no material contractual relationship with the Company or another Group member other than as a director of the Company
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company, and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Peter Warne is also a director of Next Financial Limited (Next Financial) which acts as an Investment Manager. Next Financial holds on behalf of its clients 2,483,714 stapled securities in the ALE Property Group. With the exception of his own holding, Peter Warne is not involved in any of the decision making processes regarding those securities held by Next Financial in the ALE Property Group. Procedures have been put into place to ensure Peter Warne's independence and confidentiality of information are maintained.

Peter Warne is a non-executive director of Macquarie Group Limited ("Macquarie"). Macquarie has provided banking services and corporate advice to ALE in the past and may continue to do so in the future. Mr Warne does not take part in any decisions to appoint Macquarie in relation to banking services and corporate advice provided by Macquarie to ALE.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee composed of three non-executive independent directors. Peter Warne is chairman of the Committee.

Details of members and meetings held are set out in the directors' report in the Annual Report.

TRADING IN SECURITIES

ALE has a Trading Policy with which all directors and employees must comply. Directors, employees and their associates may not utilise information obtained by their position for personal gain or for gain of another person. Each director and employee must ensure that any information in their possession that is not publicly available and which may have a material effect on the price or value of ALE's stapled securities, ALE Notes or any derivatives based on either of these (collectively "ALE Securities") is not provided to anyone who may be influenced to subscribe for, buy or sell ALE Securities

Directors, employees and their associates may buy or sell ALE Securities only during the four week periods following:

- the release of the half-year results
- the release of the full-year results, and
- close of the AGM.

The Chairman may, in special circumstances, authorise the sale by a director or employee of ALE Securities outside the relevant four week periods outlined above.

All directors and employees are also precluded from buying or selling ALE Securities at any time if they are aware of price sensitive information that has not been made public.

All directors and employees are also precluded from buying or selling ALE Securities at any time while ALE is undertaking a general on-market buyback of that particular type of ALE Securities.

All directors or employees are entitled to participate in the Distribution Reinvestment Plan on the same terms as other security holders, except where the Distribution Reinvestment Plan is partly or wholly satisfied by an on-market buyback of ALE securities, in which case directors and employees are precluded from participating.

In accordance with provisions of the Corporations Act 2001 and the Listing Rules of the ASX, ALE advises the ASX of any transaction conducted by directors in ALE Securities.

All directors, officers and employees must disclose their financing arrangements relating to their ALE Securities to the Chairman and must advise if the following circumstances apply:

- the director, officer or employee holds ALE Securities that have been lent, mortgaged or charged to a financier, and
- circumstances have arisen in which the financier is entitled or is likely to become entitled to exercise a right under the finance arrangement to demand payment, and
- the director, officer or employee expects that the demand will not be able to be satisfied without the disposal of securities representing 2½% or more of the total number of issued securities in ALE.

Directors, officers and employees who enter into margin loans or other financing arrangements over ALE Securities are directed to ensure that they have sufficient available cash or other acceptable collateral to meet margin calls including during a period of extreme sudden market downturn. Directors, officers or employees may not be provided with a clearance by ALE to dispose ALE Securities that are subject to a margin call.

Details of directors' and employees' holdings (and those of their associates) in ALE Securities are set out in the directors' report in the Annual Report.

INVESTOR RELATIONS

ALE is committed to the provision of timely, full and accurate disclosure of material information concerning ALE.

ALE has a policy that security holders have equal access to ALE's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Listing Rules of the ASX.

The Board encourages full participation of security holders at the AGM. The external auditor will attend the AGM to answer any questions concerning the audit and content of the auditor's report.

ALE WEBSITE

All information provided to the ASX is also posted on the ALE website, www.alegroup.com.au.

The ALE website includes various corporate governance documents and policies, such as the Board's Charter, ALE's Code of Conduct and the Audit, Compliance and Risk Management Committee's Charter.

DISTRIBUTIONS

Distributions are paid to security holders every six months.

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES

ALE has adopted best practice corporate governance principles consistent with the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

ALE has not fully complied with the following recommendation:

- 2.4 – Nomination Committee

Given the number of staff employed by the Company and the size of the Board, the Board has determined that it does not require a separate Nomination Committee and that the Board will fulfil these functions.

SECURITY HOLDER INFORMATION

The equity holder information set out below was applicable as at 20 July 2009.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

Number of securities	CLASS OF EQUITY SECURITY	
	Number of stapled security holders	Number of No Income Voting Unit Security (NIVUS) holders
1 – 1,000	222	–
1,001 – 5,000	958	–
5,001 – 10,000	686	–
10,001 – 100,000	1,043	–
100,001 and over	56	1
Total	2,965	1

The stapled securities are listed on the ASX and each stapled security is comprised of one share in Australian Leisure and Entertainment Property Management Limited (“Company”) and one unit in Australian Leisure and Entertainment Property Trust (“Trust”). The NIVUS have been issued by the Trust to the Company.B.

There were 31 holders of less than a marketable parcel of stapled securities.

B. TOP 20 EQUITY SECURITY HOLDERS

The names of the 20 largest holders of stapled securities are as listed below:

Rank	Name	Number of stapled securities	% of issued capital
1	Woolworths Limited	17,076,936	19.47%
2	HSBC Custody Nominees (Australia) Limited	5,252,566	5.99%
3	National Nominees Limited	3,389,366	3.87%
4	Fortis Clearing Nominees Pty Limited	3,281,121	3.74%
5	Bell Potter Nominees Limited	3,227,498	3.68%
6	Lady Jean Falconer Griffin	1,859,120	2.12%
9	Merlor Holdings Pty Limited	1,847,763	2.11%
7	Mr Jeremy Nicholas Ferris + Mrs Dorothy May Ferris + Mr Kenneth Charles Ferris	1,646,652	1.88%
8	UBS Wealth Management Australia Nominees Pty Ltd	1,582,625	1.80%
10	Melic Pty Limited	973,662	1.11%
11	ANZ Nominees Limited	865,735	0.99%
12	Neasham Holdings Pty Ltd	850,000	0.97%
13	J P Morgan Nominees Australia Limited	827,656	0.94%
14	Argo Investments Limited	610,000	0.70%
15	BT Portfolio Services Limited	497,191	0.57%
16	Fordholm Investments Pty Ltd	450,000	0.51%
17	RBC Dexia Investor Services Australia Nominees Pty Limited	368,380	0.42%
18	Oakleigh Nominees Pty Ltd	367,674	0.42%
19	Mr John George Whiting and Mrs Diana Patricia Whiting	318,705	0.36%
20	Choranda Nominee Company Pty Ltd	316,780	0.36%
		45,609,430	52.00%

C. SUBSTANTIAL HOLDERS

Substantial holders of ALE (as per notices received as at 20 July 2009) are set out below:

Stapled security holder	Number held	Percentage of voting rights
Woolworths Limited	17,076,936	19.47%
Orbis MIS – Orbis/SM Australian Equity Fund	9,974,778	11.37%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Stapled securities

On a show of hands every stapled security holder present at a meeting in person or by proxy shall have one vote and upon a poll each stapled security will have one vote.

(b) NIVUS

Each NIVUS entitles the Company one vote at a meeting of the Trust. 9,080,000 NIVUS have been issued by the Trust to the Company and 87,692,019 units have been issued by the Trust to stapled security holders.

The NIVUS therefore represent 9.38% of the voting rights of the Trust.

Stock Exchange Listing

The ALE Property Group (ALE) is listed on the Australian Securities Exchange (ASX). Its stapled securities are listed under ASX code: LEP and its ALE Notes are listed under ASX code: LEPHB.

Distribution reinvestment plan

ALE has established a distribution reinvestment plan. Details are available on ALE's website.

Electronic payment of distributions

Security holders may nominate a bank, building society or credit union account for payment of distributions by direct credit. Payments are electronically credited on the payment dates and confirmed by mailed advice.

Security holders wishing to take advantage of payment by direct credit should contact the registry for more details and to obtain an application form.

Publications

The Annual Review and Annual Report are the main sources of information for stapled security holders. In August each year, the Annual Review, Annual Report and Full Year Financial Report, and in February each year, the Half-Year Financial Report are released to the ASX and posted on the ALE website. The Annual Review is mailed to stapled security holders unless we are requested not to do so. The Annual Report is only mailed on request. Periodically, ALE may also send releases to the ASX covering matters of relevance to investors. These releases are also posted on the ALE website and may be distributed by email to stapled security holders if they register on ALE's website.

The election by holders to receive communications electronically is encouraged by ALE.

Website

The ALE website, www.alegroup.com.au, is a useful source of information for stapled security holders. It includes details of ALE's property portfolio, current activities and future prospects. ASX announcements are also included on the site on a regular basis.

Annual tax statement

Accompanying the final stapled security distribution payment, normally in August each year, will be an annual tax statement which details the taxable, tax concessional and deferred tax components of the year's distribution.

Distributions

Stapled security distributions are paid twice yearly, normally in February and August.

Security holder enquiries

Please contact the registry if you have any questions about your holding or payments.

Registered Office

Level 7, 1 O'Connell Street
Sydney NSW 2000
Telephone (02) 8231 8588

Company Secretary

Mr Brendan Howell
Level 7, 1 O'Connell Street
Sydney NSW 2000
Telephone (02) 8231 8588

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000

Lawyers

Allens Arthur Robinson
Level 28, Deutsche Bank Place
Sydney NSW 2000

Custodian (of Australian Leisure and Entertainment Property Trust)

Trust Company of Australia Limited
Level 4, 35 Clarence Street
Sydney NSW 2000

Trustee (of ALE Direct Property Trust)

Trust Company Fiduciary
Services Limited
Level 4, 35 Clarence Street
Sydney NSW 2000

Registry

Computershare Investor Services Pty Ltd
Reply Paid GPO Box 7115
Sydney NSW 2000

Level 3, 80 Carrington Street
Sydney NSW 2000
Telephone 1300 302 429
Facsimile (02) 8235 8150
www.computershare.com.au

