ALE PROPERTY GROUP

ASX ANNOUNCEMENT
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The Manager
Australian Stock Exchange

ALE Property Group (ALE)
Results for Half-Year Ended 31 December 2010

Highlights

- Distributable profit of 10.16 cents per security exceeds guidance by 1.6%
- Revenue on 87 continuing properties of $24.9 million, up 2.5% on prior period
- Accounting profit of $39.84 million, up from $10.25 million in prior period
- As per guidance, half-year distribution of 10.00 cents per security is 74.05% tax deferred
- FY11 guidance of at least 18.50 cents per security to be confirmed upon conclusion of refinancing
- 87 properties' value assessed at $735.6 million, up 3.0% from $713.9 million at 30 June 2010
- ALE was completely unaffected by all recent weather events around Australia
- Net Assets per security increased to $2.21 from $2.13 at 30 June 2010
- Current real average debt interest rate of 3.8% p.a. (net of swaps)
- Net Gearing remains at target levels and provides material debt covenant headroom
- Detailed discussions are proceeding according to plan to complete the final step of a refinancing of debt facilities maturing in May and September 2011.

Result for Six Month Period Ending 31 December 2010

ALE today announced a net operating distributable profit of $15.8 million for the six months to 31 December 2010 and confirmed the distribution of 10.00 cents per security.

A summary of the results versus the comparative half-year are shown in the table below:

Half-year ended	December 2010 $m	December 2009 $m	Change $m
Revenue from 87 continuing properties	**24.9**	24.3	1.6
Other Revenue	**3.4**	5.3	0.6
Debt Buyback Discount Revenue	**0.3**	2.9	(2.6)
Borrowing Expense	**(9.5)**	(11.3)	1.8
Management Expense	**(2.0)**	(1.7)	(0.3)
Land Tax Expense	**(1.3)**	(1.4)	0.1
Distributable Profit	**15.8**	18.1	(2.3)
Distributable Profit (per security)	**10.16 c**	11.97 c	(1.79) c
Distributed Payment (per security)	**10.00 c**	12.00 c	(2.00) c

Note: Distributable Profit excludes profit on sale of properties. Borrowing expense includes a CPI Hedge termination cost and excludes non-cash items such as amortisation of prepaid financing costs, ALE Notes premium accrual, CIB and CPI Hedge accumulating indexation and is net of all swap/hedge payments (includes roundings).

Statutory Accounting Result

ALE's accounting profit after tax of $39.84 million for the six months to 31 December 2010 includes non-cash adjustments for the increase in the fair value of the properties and interest rate derivatives. The profit also includes other non-cash items including prepaid financing costs, ALE Notes premium accrual, CIB and CPI Hedge accumulating indexation. A full reconciliation of accounting profit to distributable profit has been provided in the Directors' Report.

Distribution

The distribution per stapled security of 10.00 cents will be paid on 28 February 2011 to stapled security holders on ALE's register as at 5.00pm on 31 December 2010. The first half distribution is expected to be 74.05% tax deferred and 25.95% taxable.

As previously announced, Holders with approximately 29.3% of the current stapled securities on issue, have elected to participate in the DRP. At that level of participation the DRP will raise approximately $4.5 million in equity.

Property Revaluations

In November 2010 the substantial majority of ALE's properties' gross rent was reviewed to State based CPI producing a 2.95% increase in rent.

As at 31 December 2010, independent valuers, Urbis expressed the view that it would not be unreasonable for the directors to apply the same capitalisation rates that prevailed at 30 June 2010 and that the valuations should be increased by an amount representing the increase in rental income during the half-year.

The net assets per stapled security as at 31 December 2010 stood at $2.21, up from $2.13 as at 30 June 2010.

Recent Weather Events

ALE is pleased to advise that its assets and earnings were completely unaffected by the various weather events that occurred during the first six weeks of 2011.

Under the long term triple net leases, ALH has responsibility to fully insure the properties as well the obligation to continue to pay rent while damage is rectified.

The flooding that occurred in Brisbane in January saw two of ALE's properties closed for a short time. Both the Breakfast Creek Hotel at Albion and Racehorse Hotel at Booval (near Ipswich) reopened within 8 days.

The recent cyclone Yasi in North Queensland, flooding in south-east Melbourne and fires on the outskirts of Perth all had minimal impact on ALE's properties.

Capital Management and Refinancing

ALE's strengthened capital management position has been maintained over the six months to 31 December 2010. ALE's reduced net debt at $390 million equates to a net gearing ratio of 51.8%.

For the half-year ending 31 December 2010, participation by security holders in ALE's Distribution Reinvestment Plan (DRP) increased from 23.1% to 29.3%. The DRP provides proceeds of around $4.5 million for the period.

One property sale that exchanged before 30 June 2010 was settled during the half-year and added to ALE's cash and term deposit holdings. At 31 December 2010 ALE held $119.0 million on term deposits with major Australian banks.

Australian Leisure and Entertainment Property Management Limited ABN 45 105 275 278
Australian Leisure and Entertainment Property Trust ARSN 106 063 049

ALE's detailed discussions with its existing relationship financiers are proceeding according to plan. This senior secured refinancing of debt facilities maturing in May and September 2011 will complete the final step of ALE's capital management initiatives.

Outlook and Strategy

Detailed distributable profit guidance was provided by ALE's Board at the November 2010 AGM and this remains unchanged.

The Board will seek to confirm this full year FY11 distribution guidance of at least 18.5 cents per security, and at least 16.0 cents per security in FY12, upon completion of the refinancing.

Based on the quality and performance of ALE's existing portfolio of properties, ALE does not expect to make any significant property divestments in the short to medium term. Acquisitions will continue to be evaluated on the basis of the criteria previously announced.

ALE will continue to focus on maintaining an appropriate overall financial position with respect to liquidity, financial risk management and capital management.

- Ends -

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