ALE Property Group
Annual General Meeting – 8 November 2011

Young & Jackson Hotel, Melbourne CBD, VIC

ALE PROPERTY GROUP

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

Contents

Highlights for FY11

- Distributable profit at 19.95 cps was 7.8% above guidance
- Actual distributions paid was 19.75 cps
- Distribution was 100% tax deferred
- $500m capital management plan completed successfully
- Average debt term now extended to 7.3 years
- Net gearing significantly reduced from 68% to 52%
- Property valuations increased by 6.2%
- Total equity distributions now exceed all equity investments in ALE

FY11 Results
Key Metrics

	FY11	FY10	Change
Distributable profit	**$31.2m**	$38.1m	(18.1%)
Number of securities	**158.0m**	153.4m	3.0%
Distribution	**19.75c**	24.00c	(17.7%)
87 properties' valuation	**$758.3m**	$713.8m	6.2%
Covenant gearing (67.5%)	**51.7%**	52.1%	(0.4%)
Net assets	**$351.4m**	$322.6m	8.9%
Net assets per security	**$2.22**	$2.14	3.7%
Security price	**$1.98**	$2.10	(8.6%)
Price as (discount) to NTA	**(10.8%)**	(1.9%)	(8.9%)

1. Distribution - cents per security
2. Covenant gearing = (Net Finance Debt – Cash) / (Total Assets – Cash - Derivatives)
3. Net assets excludes derivative assets and liabilities
4. FY11 security price of $1.975 as at 4 November 2011

FY11 Results
Distributable Profit

$ Millions	**FY11**	FY10	Comments
Continuing property rent	**$50.2**	$48.9	➢ CPI rent increased by 2.95% for most of 87 properties
Sold property rent	**$0.0**	$4.5	➢ 17 property sales in FY10
Interest income	**$7.3**	$5.7	➢ Higher interest income due to higher balances and rates.
Buyback discounts	**$0.2**	$5.6	➢ Higher levels of debt buybacks in FY10
Borrowing expense	**$20.1**	$20.0	➢ Reduced hedge termination costs offset by ALE Notes 2 credit margin applying for full year
Management expense	**$4.0**	$3.7	➢ At around 0.35%, one of the lowest management expense ratios in the A-REIT sector
Land tax expense	**$2.4**	$2.9	➢ Disposal of five QLD properties during FY10
Distributable profit	**$31.2**	$38.1	➢ FY11 was 7.8% above guidance
Distributions paid	**$31.0**	$36.6	➢ FY11 payout ratio of 99.1%, 6.8% above guidance

1. Distributable Profit excludes non-cash accounting items

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Capital Management
Overall Plan Executed

A MEASURED AND ORDERLY CAPITAL MANAGEMENT PLAN OVER TWO YEARS

$105m CAPITAL RAISING + $107m PROPERTY SALES + $125m ALE NOTES 2 ISSUE + $160m CMBS ISSUE = $497m OF FUNDING SOURCED

$106m CIB & CMBS BOUGHT BACK + $82m ALE NOTES BOUGHT BACK + $55m BANK FACILITY REPAID + $147m CMBS REDEMPTION = $390m OF FUNDING APPLIED

CIB and CMBS bought back at $6.6m discount to face value

30 Sep 2011: ALE fully repaid the remaining ALE Notes of $72.3m

Capital Management

Overall Plan - Highlights

- ✓ **Reduction in net gearing from 68.3% to 51.7%**
- ✓ **Average debt term extended to 7.3 years**

- $105 million equity raising in September 2009, well supported by existing holders
- 17 properties sold for $107m at an average cap rate of 6.0%
- $6.6m of debt buyback discounts achieved, some at large discounts to face value
- ALE Notes 1 bought back at attractive yields. Balance redeemed in Sept 2011
- $125m Notes 2 issue in April 2010 was upsized amid significant demand
- $160m CMBS refinancing first five year issue in the market since September 2009
- CIB remains in place for next 12.4 years at effective credit margin of 0.2% p.a.

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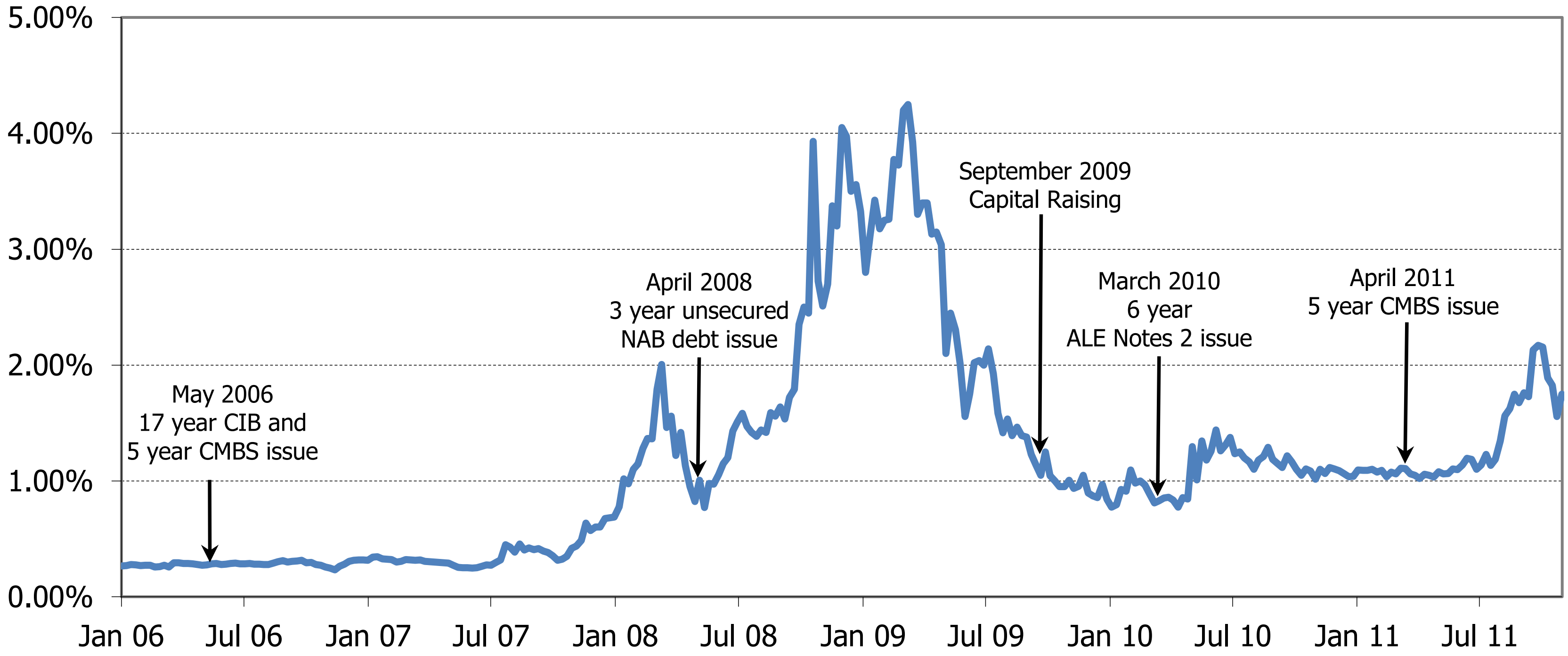
Capital Management
Australian credit markets

iTraxx Credit Index



Movement in the overall Australian market's credit margin index over the past six years

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Capital Management

Post refinancing capital structure

Debt Facilities and Cash Balances (as at 30 June 2011)

Facility	Amount	Scheduled maturity	Maturity term (yrs)
CIB (Tranche AA)	$130 million	November 2023	12.4
CMBS (Tranches AB and B)	$160 million	May 2016	4.9
Total Secured Debt	**$290 million**		**8.3**
CPI hedge escalation [4]	$28 million	November 2023	12.3
ALE Notes 2	$125 million	August 2016 [2]	5.2
(Cash) on deposit [3]	($38) million		
Total Net Debt Facilities	**$405 million**		**7.3**

30 September 2011 - ALE Notes 1 of $72.3 million were fully redeemed from other cash balances

1. Face value of ALE Notes outstanding is $72.3 million. A 2.5% premium plus interest accrued is also payable on redemption
2. While not ALE's current intention, ALE has the option to extend ALE Notes 2 maturity from August 2014 to August 2016
3. Excludes proceeds due for resumption of Ferny Grove, QLD (Receivable book value of $8.0m)
4. CPI Hedge maturity assume that it remains in place after respective right-to-break dates of December 2012 and December 2017

Capital Management
Impact on Net Gearing

- When ALE started in 2003, gearing levels were around 88%
- Net gearing reduced from 68.3% in 2009 to 51.7% at 30 June 2011
- Current headroom to ALE Notes 2 covenant:
  - 2.0% movement in cap. rates (from 6.44% to 8.46%) or
  - 24% reduction in property values
- Impact of cap. rate movement sensitivity
  - each 0.5% cap. rate movement changes the properties' values by around 7%

Note: Net Gearing = (Net Finance Debt - Cash) / (Total Assets - Cash - Derivatives)

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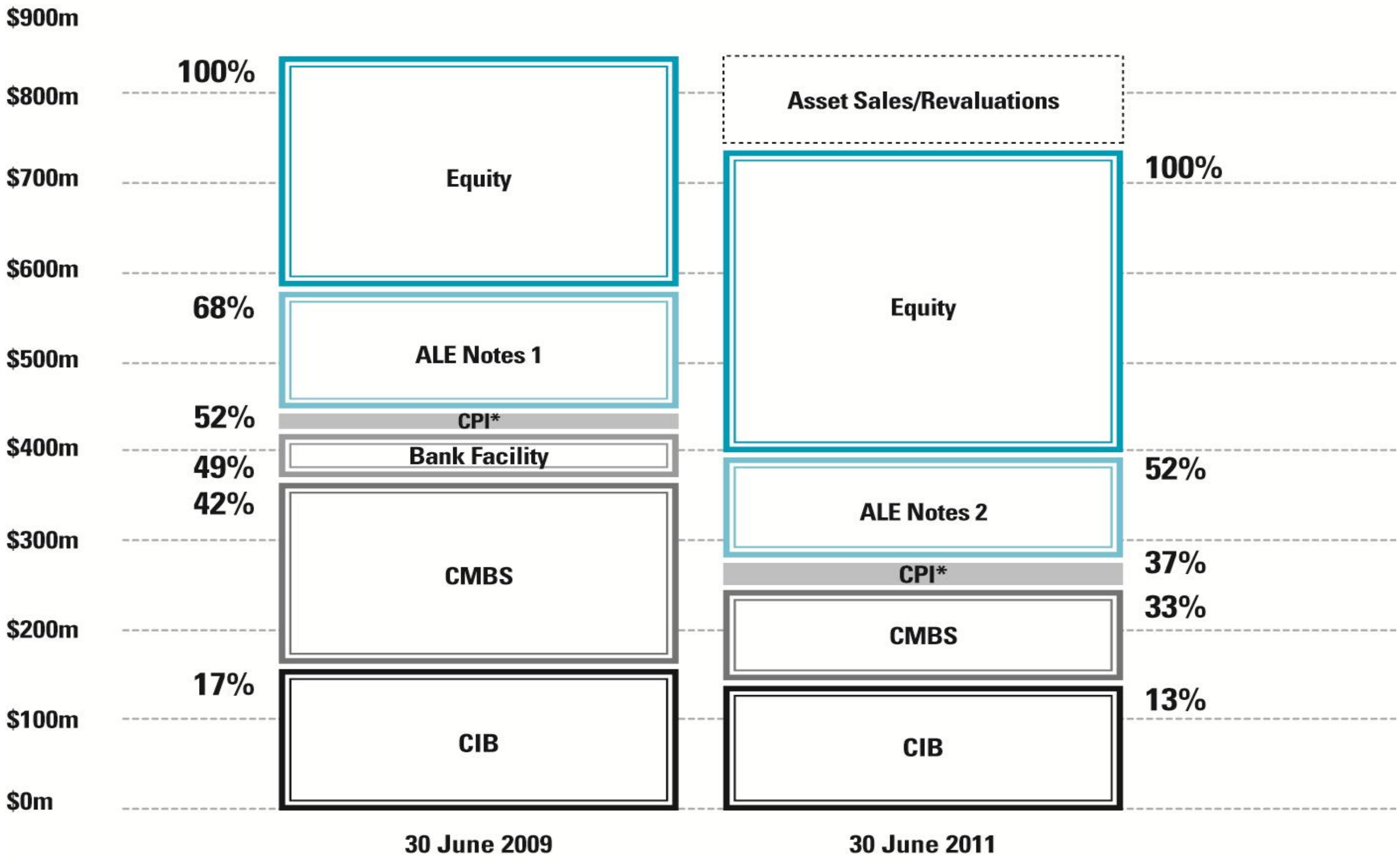
Capital Management

Capital Structure Transition Over Two Years



*** CPI: CPI Hedge accumulated indexation**

Property Valuations

The Breakfast Creek Hotel, Brisbane, QLD

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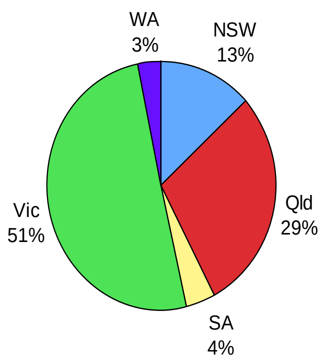
Property Valuations
As at 30 June 2011

- Strength of portfolio - sale of 17 properties at cap. rates averaging 6.0%
- Capital city locations with an average value $8.7m and lease term of 17 years
- 6.2% increase in valuations from 2.95% CPI based rental increase in Nov 2010 and stronger cap. rates

Portfolio breakdown by geography (as at June 2011)

	Number of properties	Value ($m)	Average Value ($m)	WACR
NSW	10	101.8	10.2	6.76%
QLD	32	219.0	6.8	6.33%
SA	7	30.5	4.4	6.66%
VIC	34	382.0	11.2	6.38%
WA	4	24.9	6.2	6.88%
Total	87	**758.3**	**8.7**	**6.44%**

Portfolio diversification by value



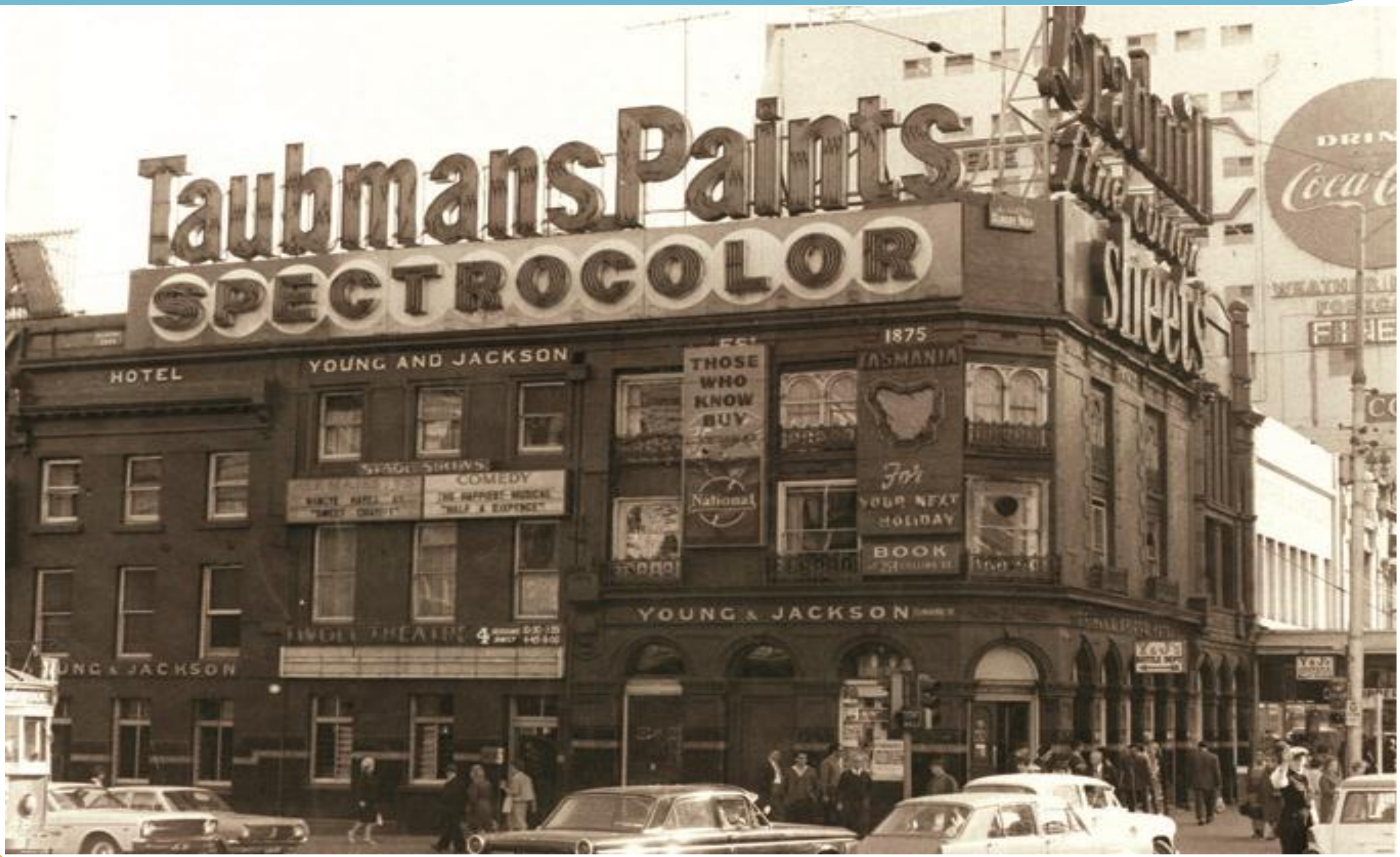
1. Values excludes entitlement arising from Ferny Grove QLD resumption
2. Sales cap. rate quoted net of QLD multiple holder land tax applicable to ALE

Property Valuations
Moving Forward

- Valuations will benefit from 3.47% CPI based rental increase at Nov 2011
- Significant capital expenditure over many years
  - in excess of $200 million spent by ALH on ALE's properties
  - large number of refurbishments
  - 19 Dan Murphy additions to date
  - rebuilds at New Brighton Hotel, Manly and Racehorse Hotel, Ipswich
- Earnings from all improvements are included in future market rent reviews
- All improvements are owned by ALE on lease expiry

Racehorse Hotel, Booval (Ipswich), Brisbane, QLD

ALE Properties and ALH Developments



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ALE Properties and ALH Developments

2011

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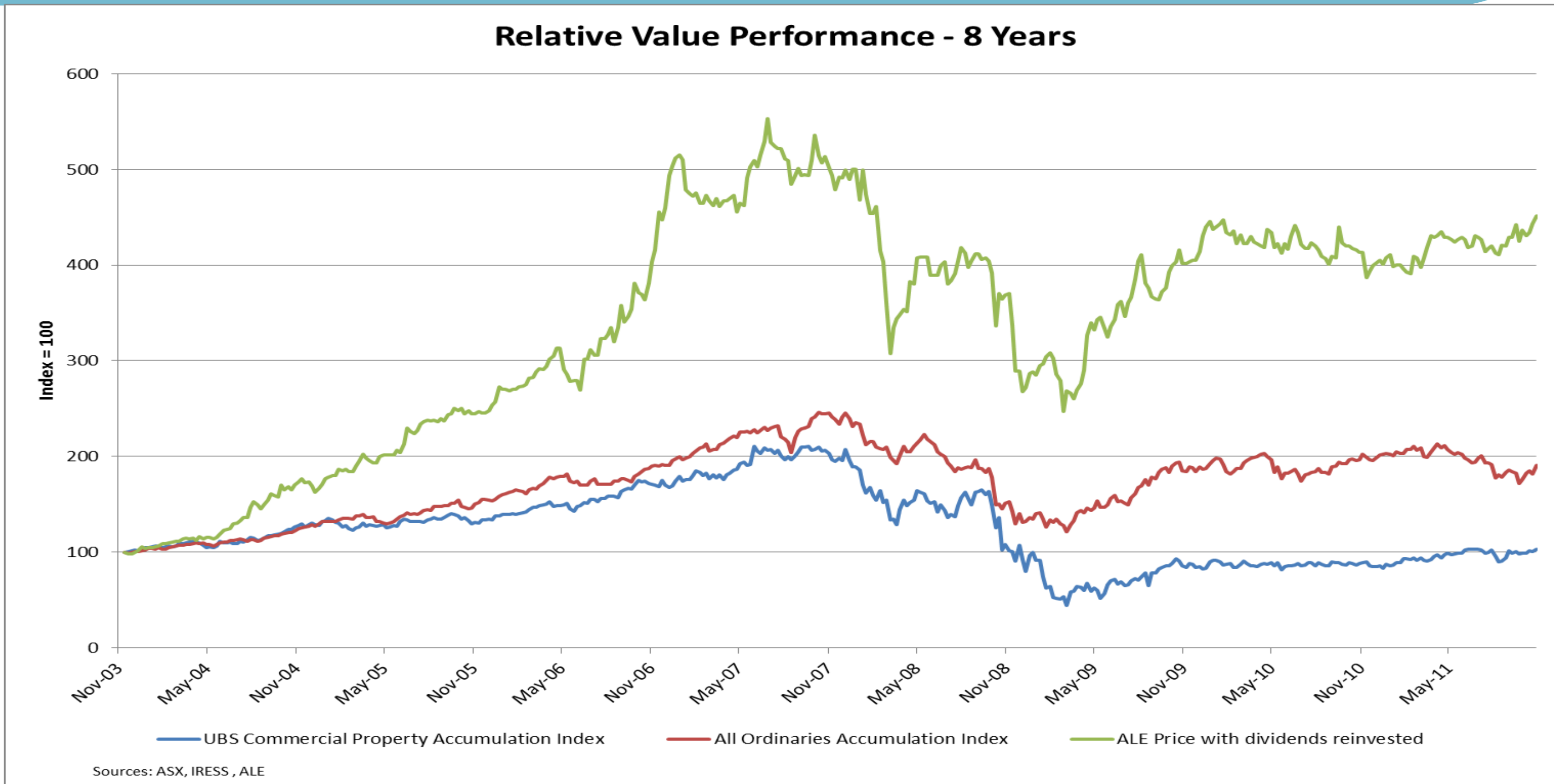
FY12 Outlook and Strategy
Distributable Profit Guidance

- Full year FY12 distributable profit guidance of at least 16.0 cps
- Full year FY12 guidance currently represents yield of 8.1%
- First half FY12 distributable profit guidance of at least 8.0 cps
- Guidance includes full year impacts of all higher financing margins
- QLD land tax expense of $2.3m expected (reduction of 13%)
- CPI based rental increase at an average 3.47% applies from Nov 2011
- FY12 distributions expected to be at least 70% tax deferred
- Rental increase adds $24.2m or 15.2 cps to Net Assets (at current cap rates)
- All guidance assumes the existing portfolio, hedging and capital structure continues. Hedging arrangements remain subject to continuing review

FY12 Outlook and Strategy
Acquisitions & Divestments

- Over the past eight years ALE has:
  - acquired 11 properties for $100m at an average cap. rate of 7.2%
  - sold 22 properties for $124m at an average cap. rate of 6.1%
- Disciplined and consistent approach applied
- Acquisition criteria remains unchanged as we seek to replicate the quality of the existing portfolio
- Funding costs currently create challenges to deliver accretion
- Opportunities to be considered where accretive for ALE's securityholders

Eight Years of Performance



ALE : **$194m invested. $200m distributed at Aug 2011**

$1.00 invested in 2003. $4.80 of accumulated value

Eight Years of Performance

ALE continues to outperform all S&P/ASX 300 AREITs

➢ Investment at 2003 ASX listing	$1.00
➢ Distributions paid to Aug 2011	$2.17
➢ Current accumulated market value	$4.80
➢ Total securityholder return	28.2% p.a.
➢ Growth in market capitalisation	$91m to $314m

1. Based on 4 November 2011 closing security price of $1.975
2. Distributions include $0.41 payment for renouncing Sep 2009 rights
3. Accumulated value includes security price plus reinvestment of distributions and rights payment

Disclaimer

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

Questions

The NEW New Brighton Hotel, The Corso, Manly, Sydney, NSW

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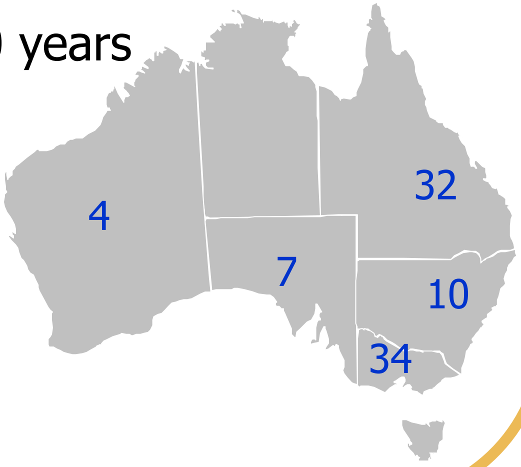
Close of ALE 2011 AGM

The NEW New Brighton Hotel, The Corso, Manly, Sydney, NSW

About ALE – Summary of Portfolio and Leasing Arrangements

- ALE (ASX:LEP) is the largest freehold owner of pubs in Australia
- Established in 2003 with properties acquired from Foster's
- Currently owns 87 pub freehold properties
- High quality portfolio across five mainland capital cities
  - long-term triple-net leases
  - 25 year initial term with average 17.3 years remaining
  - Four options for lessee to extend lease by up to 40 years
- 100% leased to ALH who is
  - Australia's leading operator
  - 75% owned by Woolworths Limited
  - Owner of licences and certain development rights

ALE's 87 Pubs in Australia



1. 3 of the 87 properties are on double-net leases

About ALE – Summary of CPI Hedging Arrangements

- CPI Hedging term expires 2023 (12 years remaining).
  A) ALE receives floating base rate interest at BBSW (plus a margin of 0.26%)
  B) ALE pays fixed real base rate interest of 3.61%
- ALE's net interest obligation is a fixed rate payment at a real rate on a balance that escalates by CPI (the same basis as the CIB)
- ALE can break at anytime and hedge provider has rights to break every five years (at Dec 2012 and 2017)
- Repayment in 2023 is amount that the balance has increased by CPI. Balance at June 2011 is $28m
- Earlier unwind may also include mark to market costs or profits

Reconciliation of FY11 Profits

	$m
Accounting Profit after income tax for FY11	**50.9**
Fair value increments to investment properties	(44.4)
Fair value decrements to derivatives	7.9
Employee share based payments	0.1
Non-cash finance costs	17.3
Income tax expense	(0.6)
Distributable Profit for FY11	**31.2**