

## ASX ANNOUNCEMENT

30 October 2009

**Announcement No. 47/09**  
**The Manager**  
**Australian Stock Exchange**

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### **CPI Hedging and Debt Cost Update**

#### **Highlights**

- CPI Hedging reduced by \$125 million to match lower net debt levels
- Recent CPI result reduces total cost of remaining debt

#### **CPI Hedging Reduced**

ALE Property Group (ASX Code LEP) has previously announced a strategy of strengthening its balance sheet by reducing its gearing. Following the recent capital raising and very successful property sales, ALE's has reduced its net debt position. As a consequence, ALE has reduced the amount of its CPI Hedging by \$125 million.

The reduction of the CPI Hedging at a cost of \$12.48 million may be compared to the sum of the Hedge's current indexation liabilities and the 30 June 2009 mark to market value of \$7.91 million.

#### **Remaining Debt Cost Benefits From Low CPI**

ALE continues to have all of its remaining debt hedged or at fixed rates for around 14 years. ALE effectively pays a low fixed real rate with the debt balances increasing by CPI. Given the recently announced CPI result, (for the year ending 30 September 2009), of 1.3% the total cost of debt, including CPI indexation, has now become even more cost efficient.

- Ends -

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