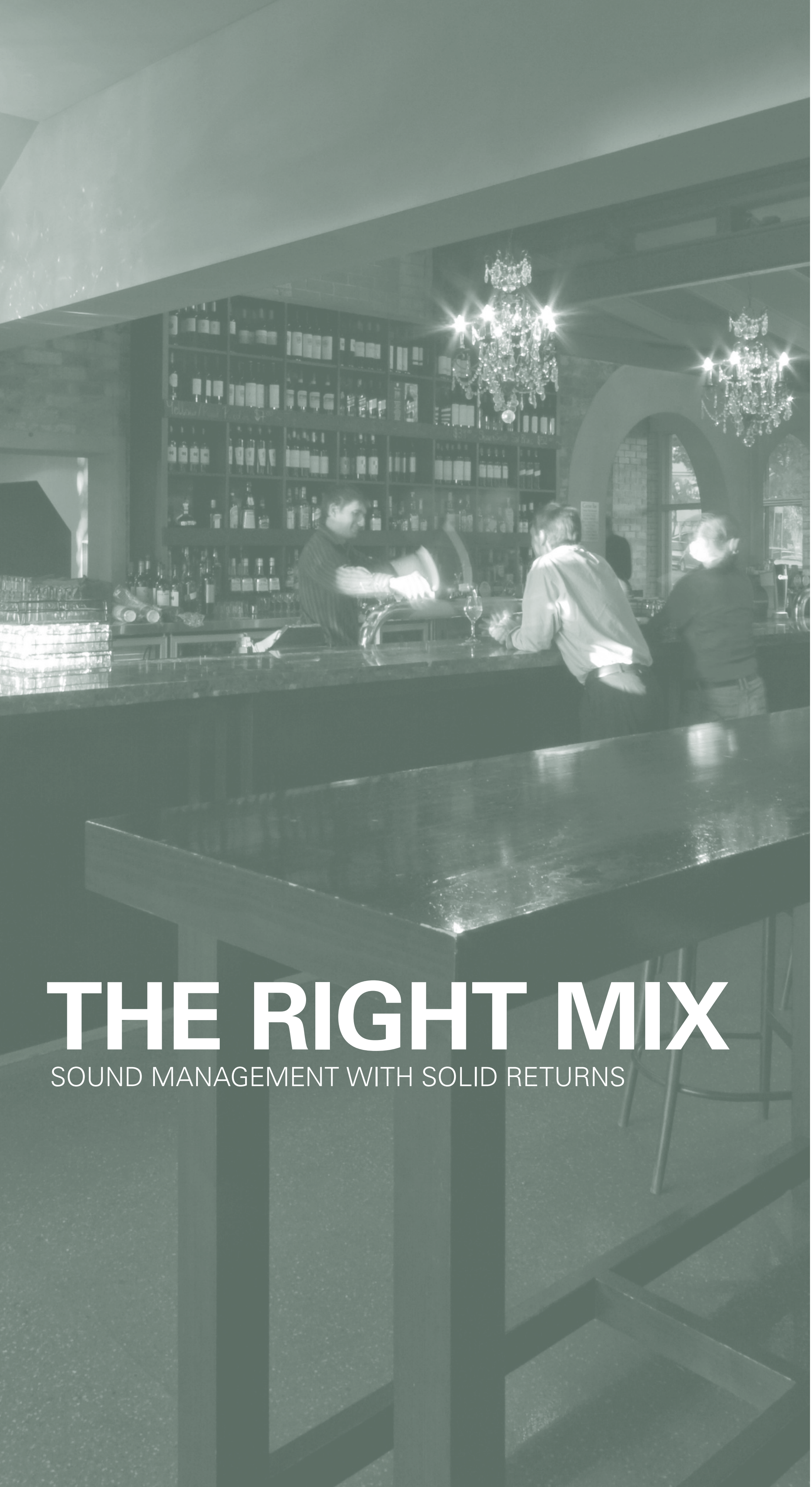
ALE PROPERTY GROUP

ANNUAL REPORT
30 JUNE 2009



THE RIGHT MIX

SOUND MANAGEMENT WITH SOLID RETURNS

ALE PROPERTY GROUP
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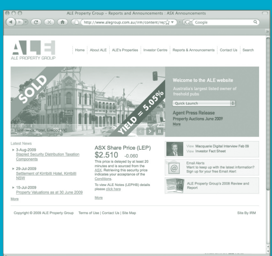

THE ALBION HOTEL, ALBION, QLD
The recently renovated Albion Hotel is located on Sandgate Road in Albion. The Cucina Bar and Restaurant offers both indoor and alfresco dining in an elegant Mediterranean atmosphere.

ALE PROPERTY GROUP (ALE)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

COMPRISING AUSTRALIAN LEISURE AND ENTERTAINMENT PROPERTY TRUST AND ITS CONTROLLED ENTITIES

ABN 92 648 441 429

The ALE Property Group ("ALE") comprises Australian Leisure and Entertainment Property Trust ("Trust") and its controlled entities including ALE Direct Property Trust ("Sub Trust"), ALE Finance Company Pty Limited ("Finance Company") and Australian Leisure and Entertainment Property Management Limited ("Company") as the responsible entity of the Trust.

The registered office and principal place of business of the Company is:

Level 7
1 O'Connell Street
Sydney NSW 2000

The directors of the Company present their report, together with the consolidated financial report of ALE, for the year ended 30 June 2009.

1. DIRECTORS

The following persons were directors of the Company during the year and up to the date of this report unless otherwise stated:

Name	Type	Appointed
P H Warne (Chairman)	Independent non-executive	8 September 2003
J P Henderson	Independent non-executive	19 August 2003
H I Wright	Independent non-executive	8 September 2003
A F O Wilkinson (Managing Director)	Executive	16 November 2004
J T McNally	Executive	26 June 2003

2. PRINCIPAL ACTIVITIES

The principal activities of ALE consist of investment in property and property funds management. There has been no significant change in the nature of these activities during the year.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the year.

4. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

ALE will continue to maintain its defined strategy of identifying opportunities to increase the profitability of ALE and its value to its stapled security holders.

In accordance with the leases of its investment properties, ALE will receive increases in rental income in line with increases in the consumer price index. The directors are not aware of any other future development likely to significantly affect the operations and/or results of ALE.

In February 2008 Australian Leisure and Hospitality Limited (ALH), ALE's tenant, sought declarations in the Supreme Court of Victoria on the interpretation of its lease as it relates to the approval for the development of a portion of vacant land available (balanced 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. However, it is the directors' opinion 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.

5. DISTRIBUTIONS AND DIVIDENDS

Trust distributions paid out and payable to stapled security holders, based on the number of stapled securities on issue at the respective record dates, for the year were as follows:

	30 June 2009 cents per security	30 June 2008 cents per security	**30 June 2009 $'000**	30 June 2008 $'000
Final Trust income distribution for the year ending 30 June 2009 to be paid on 31 August 2009	15.00	15.44	13,153	13,244
Final Trust ongoing distribution of fair value adjustments to investment properties for the year ending 30 June 2009 to be paid on 31 August 2009	–	1.41	–	1,216
Interim Trust income distribution for the year ending 30 June 2009 paid on 27 February 2009	15.00	9.76	13,000	8,413
Interim Trust ongoing distribution of fair value adjustments to investment properties for the year ending 30 June 2009 paid on 27 February 2009	–	6.99	–	6,026
Total distribution for the year ending 30 June 2009	**30.00**	**33.60**	**26,153**	**28,899**

No provisions for or payments of Company dividends have been made during the year (2008: nil).

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 June 2009 ALE exchanged an unconditional contract for the sale of the Kirribilli Hotel for $7.83 million, the settlement of which occurred on 28 July 2009. On 16 June 2009 ALE exchanged an unconditional contract for the sale of the Pymble Hotel for $3.91 million, the settlement of which is to occur on 14 August 2009. On 24 June 2009 ALE exchanged unconditional contracts for the sale of on the Elsternwick Hotel ($6.225 million), the Rifle Club Hotel ($5.02 million) and the Rose, Shamrock and Thistle Hotel ($4.81 million), the settlement of which is to occur on 24 August 2009.

On 5 August 2009 ALE announced that it would raise approximately $100 million additional equity by a share placement and a renounceable rights issue. The rights issue is fully underwritten and will be concluded by 10 September 2009.

Other than the matters disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of ALE, the results of those operations, or the state of affairs of ALE, in future financial years.

7. REVIEW AND RESULTS OF OPERATIONS

ALE produced a profit after tax of $27.4 million for the year ended 30 June 2009. (30 June 2008: $6.5 million.) ALE produced a distributable income (before fair value adjustments and income tax) of $14.6 million for the year ended 30 June 2009 (30 June 2008: $10.0 million). ALE produced a distributable profit (before fair value adjustments and other non cash items) of $33.6 million for the year ended 30 June 2009 (30 June 2008: $21.7 million).

The table below separates the cash components of profit that are available for distribution from the non-cash components of ALE's profit. The directors believe this will assist stapled security holders in understanding the results of operations and distributions of ALE.

	30 June 2009 $'000	30 June 2008 $'000
Profit before income tax and fair value adjustments for the year	**14,557**	**10,041**
Unrealised fair value gains/(losses) to investment properties	(5,985)	(2,098)
Unrealised fair value gains/(losses) to derivatives	11,685	716
Income tax expense	7,107	(2,122)
Profit after income tax for the year	**27,364**	**6,537**
Adjustment for non-cash items		
Unrealised fair gains/(losses) to derivatives and investment properties	(5,700)	1,382
Gain on termination of derivatives	(1,371)	
Gain on disposal of investment properties	(3,688)	–
Employee share based payments	157	221
Finance costs - non-cash	23,902	11,399
Income tax expense/(benefit)	(7,107)	2,122
Adjustments for non-cash items	**6,193**	**15,124**
Profit after income tax adjusted for non-cash items	**33,557**	**21,661**
Fair value adjustments to investment properties distributed	–	7,242
Total available for distribution	**33,557**	**28,903**
Distribution paid or provided for	26,153	28,899
Available and under/(over) distributed for the year	**7,404**	**4**

	Percentage Increase/ (Decrease)	**30 June 2009 Cents**	30 June 2008 Cents
Earnings and distribution per stapled security:			
Basic and diluted earnings	317.4%	31.51	7.55
Earnings available for distribution	54.6%	38.64	25.00
Income distribution	19.9%	30.00	25.03
Distribution of fair value adjustments to investment properties	0.0%	–	8.57
Total distribution	(10.7%)	30.00	33.60

Summary of financial highlights for the year

Total distribution per stapled security decreased by 10.71% from 33.60 cents to 30.00 cents compared to the June 2008 year.

Investment property acquisitions, disposals and revaluations decreased portfolio value by 1.89% from $820.27 million to $804.77 million compared to June 2008.

Net assets per stapled security remained stable at $3.08 compared to June 2008.

8. INFORMATION ON DIRECTORS

Mr Peter Warne B.A, Chairman and Non-executive Director.

Experience and expertise
Peter was appointed as Chairman and 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 three 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.

Mr John Henderson B.Bldg, MRICS, AAPI, Non-executive Director.

Experience and expertise
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.

Ms Helen Wright LL.B, MAICD, Non-executive Director.

Experience and expertise
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.

Mr Andrew Wilkinson B. Bus. CFTP, Managing Director.

Experience and expertise
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.

Mr James McNally B.Bus (Land Economy), Dip. Law, Executive Director.

Experience and expertise
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.

Brendan Howell B.Econ, G.Dip App Fin (Sec Inst), Company Secretary.

Experience and expertise
Mr Brendan Howell is the company secretary. 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 year 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 ten 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.

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

Mr David Lawler B.Bus, CPA, Independent ACRMC Member.

Experience and expertise
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.

Directorships of listed entities within the last three years
The following director held directorships of other listed entities within the last three years and from the date appointed up to the date of this report unless otherwise stated:

Director	Directorships of listed entities	Type	Appointed	Resigned
P H Warne	ASX Limited	Non-executive	July 2006	
P H Warne	WHK Group Limited	Non-executive	May 2007	
P H Warne	Macquarie Group Limited	Non-executive	July 2007	
P H Warne	TEYS Limited	Non-executive	October 2007	June 2009

Special responsibilities of directors
The following are the special responsibilities of each director:

Director	Special responsibilities
P H Warne	Chairman of the Board. Member of the Audit, Compliance and Risk Management Committee (ACRMC). Chair of the Remuneration Committee.
J P Henderson	Member of the ACRMC. Member of the Remuneration Committee.
H I Wright	Chair of the ACRMC. Member of the Remuneration Committee.
A F O Wilkinson	Chief Executive Officer and Managing Director of the Company. Responsible Officer of the Company under the Company's Australian Financial Services Licence (AFSL).
J T McNally	Responsible Officer of the Company under the Company's AFSL.

Directors' and key management personnel interests in stapled securities and performance rights
The following directors, key management personnel and their associates held or currently hold the following stapled security interests in ALE:

Name	Role	Number held at the start of the year	Net Movement	Number held at 30 June 2009
P H Warne	Non-executive Director	740,000	50,000	790,000
J P Henderson	Non-executive Director	189,000	50,910	239,910
H I Wright	Non-executive Director	100,000	30,000	130,000
A F O Wilkinson	Executive Director	377,650	(231,338)	146,312
A J Slade	Investment and Capital Manager	12,000	8,000	20,000
M J Clarke	Finance Manager	1,500	1,113	2,613

The following key management personnel currently hold performance rights over stapled securities in ALE:

Name	Role	Number held at the start of the year	Conversion/ Sales/ Purchases/Lapsed	Number held at 30 June 2009
A F O Wilkinson	Executive Director	90,516	(90,516)	–
A J Slade	Investment and Capital Manager	15,552	16,183	31,735

Meetings of directors
The numbers of meetings of the Company's Board of Directors held and of each board committee during the year ended 30 June 2009 and the number of meetings attended by each director at the time the director held office during the year were:

	Board Meetings		ACRMC		Remuneration Committee meetings	
Director	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
P H Warne	10	10	7	7	3	3
J P Henderson	10	10	7	7	3	3
H I Wright	10	10	7	7	3	3
A F O Wilkinson	10	10	n/a	n/a	n/a	n/a
J T McNally	10	10	n/a	n/a	n/a	n/a
Member of Audit, Compliance and Risk Management Committee						
D J Lawler	n/a	n/a	7	6	n/a	n/a

1 "Held" reflects the number of meetings which the Director or member was eligible to attend.

9. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

9.1 Principles used to determine the nature and amount of remuneration

9.2 Details of remuneration

9.3 Service agreements

9.4 Equity-based compensation

The information provided under these headings includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

9.1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objectives of ALE's executive remuneration framework are to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and creation of value for stapled security holders, and conforms with market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

– competitiveness and reasonableness
– acceptability to stapled security holders
– performance linkage/alignment of executive compensation with outcomes for security holders
– transparency

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to stapled security holders' interests:

– has economic profit as a core component of plan design
– focuses on sustained growth in stapled security holder wealth, consisting of distributions, dividends and growth in stapled security price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
– attracts and retains high calibre executives
– capital management.

Alignment to employee interests:

– rewards capability and experience
– reflects competitive reward for contribution to growth in stapled security holders' wealth
– provides a clear structure for earning rewards
– provides recognition for contribution

The framework provides a mix of fixed and variable pay and a blend of short and long-term incentives. As executives gain seniority within the Company, the balance of this mix shifts to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's role.

The overall level of executive reward takes into account the performance of ALE over a number of periods with greater emphasis given to the current year. Over the five years ended 30 June 2009 the total return on ALE's stapled securities (inclusive of distribution returns) was 21.1% (2008: n/a).

9.1.1 Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on and the responsibilities of the directors. Non-executive directors' fees and payments were last reviewed in 2007, the first review since 2003. The Board may obtain the advice of independent remuneration consultants to ensure that non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently from the fees of the other non-executive directors, based on comparative roles in the external market. The Chairman is not present at any discussion relating to the determination of his own remuneration. Non-executive directors do not receive options over stapled securities.

9.1.2 Directors' fees

The current base remuneration was last reviewed with effect from July 2007. The directors' fees are inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit which will be periodically recommended for approval by stapled security holders. The maximum currently stands at $475,000 per annum, comprised of $385,000 per annum for non-executive directors and $90,000 per annum for the executive director (inclusive of a responsible officer fee of $5,000 per annum) and excluding the Managing Director's remuneration. The maximum amount for non-executive directors can only be increased at a general meeting of the Company.

9.1.3 Retirement allowances for directors

No retirement allowances for directors are offered by the Company in line with guidance on non-executive directors' remuneration.

9.1.4 Executive pay

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:

– base pay and benefits
– short-term performance incentives
– long-term incentives.

9.1.5 Base pay and benefits

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-cash benefits at the discretion of the executives and the board.

Executives are offered a competitive base pay that is the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay for senior executives is reviewed annually to ensure that executive pay is competitive with the market. Executive pay is also reviewed on promotion.

There is no guaranteed base pay increase in any executive contract.

9.1.6 Short-term incentives (STI)
The short-term incentive arrangements in place at the Company have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators (KPIs) including the financial performance of the Company during the year in question.

Each executive has a target STI opportunity depending on the accountabilities of the role and the impact on the performance of ALE.

Each year the remuneration committee considers the appropriate targets and KPIs to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan and minimum levels of performance to trigger payments of STI.

For the year ended 30 June 2009, the KPIs linked to STI plans were based on Company, business and personal objectives. The KPIs required performance in seeking value accretive acquisitions, managing operating and funding costs, compliance with legislative requirements, risk and capital management, increasing security holder value as well as other key strategic non-financial measures linked to drivers of performance in future economic periods.

The Board is responsible for assessing whether the KPIs have been met. To facilitate this assessment, the Board receives detailed reports on performance from management.

The STI payments may be adjusted up or down in line with over or under achievement against the target performance levels. This is at the discretion of the Board.

The STI target annual payment is reviewed annually.

9.1.7 Long-term incentives (LTI)
Performance Rights over unissued stapled securities have been granted to Mr Wilkinson and Mr Slade. Mr Wilkinson had the right to receive up to 90,516 stapled securities at a nil cost exercisable from 1 June 2009 or earlier, if his employment had been terminated after a change of control in the company. Mr Slade has the right to receive up to 41,013 stapled securities at a nil cost exercisable progressively from 30 June 2009 or earlier, if employment is a terminated after a change of control in the company.

The Performance Rights provide the opportunity to receive fully paid stapled securities for nil cost. The receipt of stapled securities is contingent on achieving specific performance hurdles over a specified performance period. The performance hurdles are as follows:

- A Total Shareholder Return (TSR) performance hurdle where ALE's TSR is ranked against a comparative group consisting of companies classified as Real Estate Investment Trusts in the S&P/ASX 300 Index.
- A Total Shareholder Return (TSR) performance hurdle based on ALE's absolute TSR.
- A service period retention hurdle, whereby the employee must be employed by ALE at the vesting date for the performance rights to vest.

Mr Wilkinson's performance hurdles were independently assessed following the end of the performance period on 1 June 2009. Subsequently on 23 June 2009 58,662 shares were issued to Mr Wilkinson. The remaining 31,854 Performance Rights did not vest and have lapsed.

Mr Slade's performance hurdles for the Performance Rights applicable to and issued relating to the period ending on 30 June 2008 were independently assessed by external consultants. Subsequent to this assessment on 20 November 2008 3,164 securities were issued to Mr Slade. The remaining 1,581 Performance Rights applicable to this performance period did not vest and have lapsed.

In the May 2009 Federal Budget changes were made to the taxation treatment of employee share schemes which have adverse impacts on the operation of such plans. Subsequent announcement by the Federal Government have altered the initial scope of the proposed legislation. Pending the release of final legislation the operation of the ALE Executive Performance Rights Plan has been suspended. Following the release of the taxation legislation the operation of the plan will be re-evaluated.

9.2 DETAILS OF REMUNERATION

Amount of remuneration

Details of the remuneration of the key management personnel for the current year and for the comparative year are set out below in tables 1 and 2. The cash bonuses were dependent on the satisfaction of performance conditions as set out in the section headed "Short-term incentives", above. All other elements of remuneration were not directly related to performance.

Table 1 Remuneration details 1 July 2008 to 30 June 2009

Details of the remuneration of the Key Management Personnel for the year 30 June 2009 are set out in the following table:

Key management personnel		Short term employee benefits			Post employment benefits	Equity based payment	
Name	Role	Salary & Fees $	STI Bonus $	Non-Monetary $	Superannuation $	Performance Rights $	Total $
P H Warne	Non-executive Director	137,615	–	–	12,385	–	150,000
J P Henderson	Non-executive Director	85,000	–	–	–	–	85,000
H I Wright	Non-executive Director	77,982	–	–	7,018	–	85,000
A F O Wilkinson	Executive Director	306,280	32,000	–	13,745	107,094	459,119
J T McNally	Executive Director	90,000	–	–	–	–	90,000
B R Howell	Company Secretary	90,000	–	–	–	–	90,000
A J Slade	Investment and Capital Manager	163,229	25,000	–	13,745	50,000	251,974
M J Clarke	Finance Manager	119,161	25,000	–	10,039	–	154,200
		1,069,267	82,000	–	56,932	157,094	1,365,293

Table 2 Remuneration details 1 July 2007 to 30 June 2008

Details of the remuneration of the Key Management Personnel for the year 30 June 2008 are set out in the following table:

Key management personnel		Short term employee benefits			Post employment benefits	Equity based payment	
Name	Role	Salary & Fees $	STI Bonus $	Non-Monetary $	Superannuation $	Performance[1] Rights $	Total $
P H Warne	Non-executive Director	137,615	–	–	12,385	–	150,000
J P Henderson	Non-executive Director	85,000	–	–	–	–	85,000
H I Wright	Non-executive Director	77,982	–	–	7,018	–	85,000
A F O Wilkinson	Executive Director	297,741	120,000	–	13,092	181,076	611,909
J T McNally	Executive Director	90,000	–	–	–	–	90,000
B R Howell	Company Secretary	90,000	–	–	–	–	90,000
A J Slade	Investment and Capital Manager	155,575	75,000	–	13,092	40,000	283,667
M J Clarke	Finance Manager	79,536	25,000	–	22,965	–	127,501
		1,013,449	220,000	–	68,552	221,076	1,523,077

1–The equity based payments expense for Mr Wilkinson's Performance Rights covers the period November 2006 to June 2008

9.2.2 Cash bonuses

For each cash bonus included in the above tables, the percentage of the available bonus that was awarded for the year and the percentage that was forfeited because a person did not meet the performance criteria is set out below.

	Paid		Forfeited	
Name	**2009 %**	2008 %	**2009 %**	2008 %
A F O Wilkinson	40	160	60	–
A J Slade	50	150	50	–
M J Clarke	100	100	–	–

9.2.3 Equity Instruments

All performance rights refer the performance rights over stapled securities of the ALE Property Group, which vested on a one for one basis under the ALE Property Group Executive Performance Rights Plan.

9.2.3.1 Performance rights over equity instruments granted as compensation

Details of performance rights over stapled securities that were granted as compensation during the year and details of performance rights that vested during the financial period are as follows:

Executive	Number of PR Issued	Grant Date	Performance period start date	Fair value of PR at Grant Date ($)	Expiry Date	Number of PR Vested during 2009	Number of Stapled Securities Issued[1]
A F O Wilkinson	90,516	12 Dec 2007	06 Nov 2006	3.11	01 Jun 2009	58,662	58,662
A J Slade	15,552	30 Jun 2008	01 Jul 2007	2.57	30 Jun 2010	3,164	3,164
A J Slade	30,206	01 Jul 2008	01 Jul 2008	1.67	30 Jun 2011	–	–

1 Stapled Securities were issued at nil cost to the employee

9.2.3.2 Modification of terms of equity settled share based payment transactions

No terms of equity settled share based payment transactions (including options and rights granted as compensation to key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

9.2.3.3 Analysis of performance rights over equity instruments granted as compensation

Details of the vesting profiles of performance rights granted as remuneration are detailed below.

Executive	Number	Date	% vested in year	% forfeited in year[(a)]	Financial year in which grant vests
A F O Wilkinson	90,516	12-Dec-07	64.8%	35.2%	1-Jul-08
A J Slade	4,745	30-Jun-08	66.7%	33.3%	1-Jul-08
	5,270	30-Jun-08	–%	–%	1-Jul-09
	5,537	30-Jun-08	–%	–%	1-Jul-10
	9,320	1-Jul-08	–%	–%	1-Jul-09
	9,921	1-Jul-08	–%	–%	1-Jul-10
	10,965	1-Jul-08	–%	–%	1-Jul-11

(a) The % forfeited in the year represents the reduction from the maximum number of performance rights available to vest due to performance criteria not being achieved.

9.2.3.5 Analysis of movements in performance rights

The movement during the reporting period, by value of performance rights over stapled securities in the Group is detailed below.

Executive	Granted in Year $[(a)]	Vested in Year $[(b)]	Lapsed in Year $[(c)]
A F O Wilkinson	–	140,202	76,131
A J Slade	50,000	6,613	3,304

(a) The value of performance rights granted during the year is the assessed fair value at grant date of performance rights granted, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model.

(b) The value of performance rights vested in the year is calculated as the market price of the stapled securities of ALE Property Group as at the close of trading on the day the performance rights vested.

(c) The value of performance rights lapsed in the year is calculated as the market price of the stapled securities of ALE Property Group as at the close of trading on the day the performance rights lapsed.

9.3 SERVICE AGREEMENTS

On 30 June 2009, the Company agreed principle terms of a service agreement with Managing Director, Mr Wilkinson relating to the period starting June 2009 and ending on 1 June 2011. The agreement stipulates the minimum base salary, inclusive of superannuation, for each year as being $320,000 for Mr Wilkinson, to be reviewed annually each 31 December by the Board. A short-term incentive (which if earned, would be paid as a cash bonus shortly after June each year) and a long-term incentive of $80,000 per annum, the terms of which will be decided once proposed Federal Government amendments to the taxation treatment of share based plans have been enacted.

In the event of the termination of Mr Wilkinson's employment contract and depending on the reason for the termination, amounts may be payable for unpaid accrued entitlements and a proportion of bonus entitlements as at the date of termination. In the event of redundancy termination amounts are payable for base salary, inclusive of superannuation and bonus and long term incentive entitlements for the balance of the contract.

Any Stapled Securities that Mr Wilkinson becomes entitled to receive on 1 June 2011 will be provided to Mr Wilkinson two years later on (1 June 2013) provided that, in the reasonable opinion of the Board, Mr Wilkinson has not engaged in any conduct or has committed any act which:

(i) results in ALE have to make any material financial restatement;

(ii) causes ALE to incur a material financial loss; or

(iii) causes any significant harm to ALE and/or its businesses.

At the annual general meeting of the Company to be held on 4 November 2009, the terms of Mr Wilkinson's new remuneration will be put to a shareholder vote. The terms will be advised to the market upon final agreement but no later than the date the Notice of Meeting is mailed to shareholders.

The employment contracts of Mr Slade and Mr Clarke may be terminated at any time with one month's notice.

There are no other director or executive service agreements.

Letters of appointment have been entered into by each director (excluding the Managing Director) confirming their remuneration and obligations under the Corporations Law and Company constitution.

A letter of appointment has been entered into with MIA Services Pty Limited for the use of the services of Brendan Howell as Company Secretary and as Compliance Officer of ALE on a continuous basis that may be terminated at any time with one month's notice.

9.4 EQUITY BASED COMPENSATION

The performance rights value disclosed above as part of specified executive remuneration is the assessed fair value at grant date of performance rights granted, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model. This technique takes into account factors such as the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield, the risk-free interest rate for the term of the performance right and any delayed delivery in the securities to the executive.

10. STAPLED SECURITIES UNDER OPTION

The following performance rights over unissued stapled securities of ALE were granted during or since the end of the year.

Executive	Number of PR Issued	Grant Date
A J Slade	30,206	01 Jul 2008

11. STAPLED SECURITIES ISSUED ON THE EXERCISE OF OPTIONS

The following stapled securities were issued on the exercise of performance rights during the financial year.

Executive	Number of Stapled Securities Issued
A F O Wilkinson	58,662
A J Slade	3,164

12. INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $25,200 (2007: $24,615) to insure the directors and officers of the Company. The auditors of the Company are in no way indemnified out of the assets of the Company.

Under the constitution of the Company, current or former directors and secretaries are indemnified to the full extent permitted by law for liabilities incurred by these persons in the discharge of their duties. The constitution provides that the Company will meet the legal costs of these persons. This indemnity is subject to certain limitations.

13. ENVIRONMENTAL REGULATION

Whilst ALE is not subject to significant environmental regulation in respect of its property activities, the directors are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches of these requirements. At three properties ongoing testing and monitoring is being undertaken and minor remediation work is required, however, ALE is indemnified by third parties against any remediation amounts likely to be required.

14. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The board of directors has considered the position and in accordance with the advice received from the ACRMC is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

– all non-audit services have been reviewed by the ACRMC to ensure that they do not impact the impartiality and objectivity of the auditor
– none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risk and rewards.

Details of amounts paid or payable to the auditor (KPMG) for audit and non-audit services provided during the year are set out below:

	30 June 2009 $	30 June 2008 $
Audit services		
KPMG Australian firm:		
Audit and review of the financial reports of the Group and other audit work required under the Corporations Act 2001		
– in relation to current year	140,359	125,241
– in relation to prior year	30,000	–
Total remuneration for audit services	**170,359**	**125,241**
PricewatehouseCoopers Australian firm:		
Audit and review of the financial reports of the Group and other audit work required under the Corporations Act 2001		
– in relation to current year	–	–
– in relation to prior year	–	25,171
Total remuneration for audit services	**–**	**25,171**
Total remuneration for assurance services	**170,359**	**150,412**
Taxation services		
PricewatehouseCoopers Australian firm:		
Tax compliance services	19,990	21,700
Tax consulting services	26,540	72,900
Total taxation services	**46,530**	**94,600**

15. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

16. ROUNDING OF AMOUNTS

ALE is an entity of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report and financial report have been rounded off in accordance with the Class Order to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the directors.

Peter H Warne
Director

Sydney

Dated this 5th day of August 2009

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Australian Leisure and Entertainment Property Management Limited,
the Responsible Entity for Australian Leisure and Entertainment Property Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Steve Gatt
Partner

Sydney

5 August 2009

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Revenue					
Rent from investment properties	6	54,703	50,169	–	–
Interest from investment arrangements	6	1,011	2,013	–	–
Distributions	7	–	–	42,411	35,520
Interest from cash deposits	8	1,697	1,055	82	115
Total revenue		**57,411**	**53,237**	**42,493**	**35,635**
Other income					
Gain on disposal of investment properties		3,688	–	–	–
Fair value gains/(losses) to investment properties	20	(5,985)	(2,098)	–	–
Gain on termination of derivatives		1,371	–	39	–
Fair value gains/(losses) to derivatives	9	11,685	716	–	(859)
Total other income		**10,759**	**(1,382)**	**39**	**(859)**
Total revenue and other income		**68,170**	**51,855**	**42,532**	**34,776**
Expenses					
Finance costs (cash and non-cash)	11	42,220	38,476	13,051	12,912
Management fees		–	–	3,206	2,875
Queensland land tax expense		1,973	1,588	–	–
Other expenses	10	3,720	3,132	122	126
Total expenses		**47,913**	**43,196**	**16,379**	**15,913**
Profit before income tax		**20,257**	**8,659**	**26,153**	**18,863**
Income tax expense/(benefit)	13	(7,107)	2,122	–	–
Profit after income tax		**27,364**	**6,537**	**26,153**	**18,863**
Profit attributable to the stapled security holders of ALE		**27,364**	**6,537**	**26,153**	**18,863**
		Cents	Cents	**Cents**	Cents
Basic and diluted earnings per stapled security	14(a)	31.51	7.55	30.11	21.77
Distribution per stapled security for the year	14(e)	30.00	33.60	30.00	33.60

The above consolidated income statements should be read in conjunction with the accompanying Notes.

RECONCILIATION OF DISTRIBUTIONS TO STAPLED SECURITY HOLDERS

	Note	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Profit attributable to the stapled security holders of ALE		**27,364**	**6,537**	**26,153**	**18,863**
Adjustments for non-cash items	16	6,193	15,124	2,097	2,794
Profit after income tax adjusted for non-cash items		**33,557**	**21,661**	**28,250**	**21,657**
Fair value adjustments to investment properties identified for distribution	16	–	7,242	–	7,242
Total available for distribution		**33,557**	**28,903**	**28,250**	**28,899**
Distribution paid or provided for		26,153	28,899	26,153	28,899
Available and undistributed for the year	**16**	**7,404**	**4**	**2,097**	**–**

CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Current assets					
Cash and cash equivalents	17	35,905	8,527	56	2,100
Receivables	19	29,078	1,906	25,577	19,883
Loans and deposits - investment properties	21	–	19,576	–	–
Other	18	82	564	13	12
Total current assets		**65,065**	**30,573**	**25,646**	**21,995**
Non-current assets					
Investment properties	20	804,765	820,270	–	–
Loans and deposits - investment properties	21	–	2,551	–	–
Investments in controlled entities	23	–	–	180,656	180,656
Derivatives	12	39,839	19,064	–	458
Plant and equipment	22	86	111	–	–
Deferred tax asset	14	2,681	1,164	–	–
Total non-current assets		**847,371**	**843,160**	**180,656**	**181,114**
Total assets		**912,436**	**873,733**	**206,302**	**203,109**
Current liabilities					
Payables	24	6,198	7,870	2,780	2,784
Borrowings	26	–	8,450	–	–
Provisions	25	13,175	14,497	13,154	14,460
Other		–	201	–	–
Total current liabilities		**19,373**	**31,018**	**15,934**	**17,244**
Non-current liabilities					
Borrowings	26	607,212	564,593	148,349	146,252
Derivatives	12	16,029	8,309	–	1,829
Deferred tax liability	15	300	5,890	–	–
Total non-current liabilities		**623,541**	**578,792**	**148,349**	**148,081**
Total liabilities		**642,914**	**609,810**	**164,283**	**165,325**
Net assets		**269,522**	**263,923**	**42,019**	**37,784**
Equity					
Contributed equity	27	64,761	60,384	65,027	60,792
Retained profits	28	204,677	203,318	(23,008)	(23,008)
Reserve	29	84	221	–	–
Total equity		**269,522**	**263,923**	**42,019**	**37,784**
Net assets per stapled security		**$3.08**	**$3.08**	**$0.48**	**$0.44**

The above consolidated balance sheets should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Note	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Total equity at the beginning of the year		**263,923**	**305,921**	**37,784**	**67,253**
Profit for the year		27,364	6,537	26,153	18,863
Total recognised income and expenses for the year		**27,364**	**6,537**	**26,153**	**18,863**
Transactions with equity holders in their capacity as equity holders:					
Employee share based payments expense	29	157	221	–	–
Transfer from reserve on issue of securities under ALE Executive Performance Rights Plan	27	–	–	141	–
Stapled securities issued under Dividend Reinvestment Plan		4,256	–	4,094	–
DRP implementation costs		(25)	(34)	–	(34)
Stapled securities purchased and cancelled	27	–	(19,823)	–	(19,399)
Distribution paid or payable	16	(26,153)	(28,899)	(26,153)	(28,899)
		(21,765)	**(48,535)**	**(21,918)**	**(48,332)**
Total equity at the end of the year		**269,522**	**263,923**	**42,019**	**37,784**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Distributions received		–	–	42,811	35,520
Receipts from tenant and others		54,948	50,605	–	–
Payments to suppliers and employees		(6,404)	(3,084)	(3,750)	(3,199)
Interest received – bank deposits and investment arrangements		2,478	2,419	82	115
Interest received – interest rate swaps		15,062	8,508	–	–
Borrowing costs paid		(33,814)	(35,727)	(10,898)	(10,977)
Net cash inflow from operating activities	17	**32,270**	**22,721**	**28,245**	**21,459**
Cash flows from investing activities					
Investment property acquisitions		(9)	(53,258)	–	–
Net proceeds from disposal of properties		8,105	–	–	–
Proceeds from disposal of plant and equipment		2	–	–	–
Payments for plant and equipment		(29)	(113)	–	–
Net cash outflow from investing activities		**8,069**	**(53,371)**	**–**	**–**
Cash flows from financing activities					
Proceeds from NAB borrowings		19,000	36,000	–	–
Proceeds from CMBS issue		–	20,000	–	–
Proceeds from short term loan		–	8,450	–	–
Repayment of short term loan		(8,450)	–	–	–
Prepaid borrowing costs		(283)	(492)	–	–
Borrowings from/(repayments to) other group entities		–	–	(7,086)	28,579
Stapled securities purchased under buyback program		–	(19,823)	–	(19,433)
DRP implementation costs		(25)	(34)	–	–
Distributions paid (net of DRP securities issued)		(23,203)	(29,689)	(23,203)	(29,689)
Net cash outflow from financing activities		**(12,961)**	**14,412**	**(30,289)**	**(20,543)**
Net decrease in cash and cash equivalents		**27,378**	**(16,238)**	**(2,044)**	**916**
Cash and cash equivalents at the beginning of the year		8,527	24,765	2,100	1,184
Cash and cash equivalents at the end of the year	17	**35,905**	**8,527**	**56**	**2,100**

The above consolidated cash flow statements should be read in conjunction with the accompanying Notes.

NOTE 1 REPORTING ENTITY

ALE, the stapled entity, was formed by stapling together the units in the Trust and the shares in the Company. For the purposes of financial reporting, the stapled entity reflects the consolidated entity. The parent entity and deemed acquirer in this arrangement is the Trust. The basis of this approach is consistent with current practice in relation to the financial reporting obligations of stapled entities under UIG 1013 Interpretation Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapled Arrangements. The consolidated results reflect the performance of the Trust and its subsidiaries including the Company from 1 July 2008 to 30 June 2009.

The stapled securities of ALE are quoted on the Australian Stock Exchange under the code LEP and comprise one unit in the Trust and one share in the Company. The unit and the share are stapled together under the terms of their respective constitutions and can not be traded separately. Each entity forming part of ALE is a separate legal entity in its own right under the Corporations Act 2001 and Australian Accounting Standards.

The Company is the Responsible Entity of the Trust.

NOTE 2 BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

(a) Compliance Statement

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- investment property is measured at fair value
- liabilities for cash settled share based payment arrangements are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is ALE's functional currency.

ALE is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4(a) - investment property
- Note 4(c) and Note 39 - valuation of financial instruments
- Note 30 - measurement of share based payments

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The financial report includes separate financial statements for Australian Leisure and Entertainment Property Trust ("the Trust") as an individual entity and the consolidated entity, the ALE Property Group ("ALE"), consisting of the Trust and its subsidiaries.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at balance date and the results for the period then ended. The Trust and its controlled entities together are referred to in this financial report as ALE or the consolidated entity. Entities are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases.

Subsidiaries are all those entities (including special purpose entities) over which ALE has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether ALE controls another entity.

All balances and effects of transactions between the subsidiaries of ALE have been eliminated in full.

(b) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash at bank, deposits at call and short term money market securities which are readily convertible to cash.

(c) Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that all amounts due may not be collected according to the original terms of the receivables. The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment property

Properties (including land and buildings) held for long term rental yields and that are not occupied by ALE are classified as investment properties.

Investment property is initially brought to account at cost which includes the cost of acquisition, stamp duty and other costs directly related to the acquisition of the properties. The properties are subsequently revalued and carried at fair value. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, an appropriate valuation method which may include discounted cash flow projections and the capitalisation method. The fair value reflects, among other things, rental income from the current leases and assumptions about future rental income in light of current market conditions. It also reflects any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the properties' carrying amount only when it is probable that future economic benefits associated with the item will flow to ALE and the cost of the item can be reliably measured. Maintenance capital expenditure is the responsibility of the tenant under the triple net leases in place over 97 of the 100 properties. ALE undertakes periodic condition and compliance reviews by a qualified independent consultant to ensure properties are properly maintained.

Land and buildings (including integral plant and equipment) that comprise investment property are not depreciated.

The carrying value of the investment property is reviewed at each reporting date and each property is independently revalued at least every three years. Changes in the fair values of investment properties are recorded in the income statement.

Gains and losses on disposal of a property are determined by comparing the net proceeds on disposal with the carrying amount of the property at the date of disposal. Net proceeds on disposal are determined by subtracting disposal costs from the gross sale proceeds.

(e) Plant and equipment

Plant and equipment including office fixtures, fittings and operating equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ALE and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on depreciable plant and equipment (office fixtures, fittings and operating equipment) is calculated using the straight line method or diminishing method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The estimated useful life of depreciable plant and equipment is as follows:

Furniture, fittings and equipment	4 – 13 years
Software	3 years
Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(f) Investments and financial assets

Financial assets classified as loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise when money and services are provided to a debtor with no intention of selling the receivable.

Loans and receivables are carried at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial asset are spread over its effective life.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to ALE prior to the end of the period which are unpaid at the balance sheet date. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Borrowings

Interest bearing liabilities are initially recognised at cost, being the fair value of the consideration received, net of issue and other transaction costs associated with the borrowings.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over the expected life of the borrowings on an effective interest rate basis.

Interest bearing liabilities are classified as current liabilities unless an unconditional right exists to defer settlement of the liability for at least 12 months after the balance sheet date.

(i) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. ALE designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

ALE documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. ALE also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 12.

To date ALE has not designated any of its derivatives as cash flow hedges and accordingly ALE has valued them all at fair value with movements recorded in the income statement.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(k) Distributions and dividends
Provisions are made for the amounts of any distributions or dividends declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the balance date.

(l) Contributed equity
Ordinary units and ordinary shares are classified as contributed equity.

Incremental costs directly attributable to the issue of new units, shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

Distributions to stapled security holders that include a return of capital are shown in equity as a transfer from (reduction of) contributed equity.

(m) Revenue recognition
Rental income from operating leases is recognised on a straight line basis over the lease term. Rentals that are based on the future amount that changes other than the passage of time, including CPI linked rental increases, are only recognised when contractually due. An asset will be recognised to represent the portion of an operating lease revenue in a reporting period relating to fixed increases in operating lease revenue in future periods. These assets will be recognised as a component of investment properties.

Interest and investment income is brought to account on a time proportion basis using the effective interest rate method and if not received at balance date is reflected in the consolidated balance sheet as a receivable.

(n) Expenses
Expenses including operating expenses, Queensland land tax and other outgoings (if any) are brought to account on an accruals basis. Borrowing costs are recognised using the effective interest rate method.

(o) Employee benefits
(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised as an expense when the leave is taken and measured at the rates paid or payable.

(ii) Share based payments
The grant date fair value of performance rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance rights. The amount recognised as an expense is adjusted to reflect the actual number of performance rights that vest, except for those that fail to vest due to performance hurdles not being met.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right, the share price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of performance rights, the balance of the share based payments reserve relating to those performance rights is transferred to contributed equity.

(iii) Bonus plans
Liabilities and expenses for bonuses are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Long service leave
ALE recognises liabilities for long service leave when employees reach a qualifying period of continuous service (five years). The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with the terms to maturity and currency that match, as closely as possible, the estimated future cash flow.

(v) Retirement benefit obligations
ALE pays fixed contributions to employee nominated superannuation funds and ALE's legal or constructive obligations are limited to these contributions. The contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(p) Income tax
(i) Trusts
Under current legislation, Trusts are not liable for income tax, provided that their taxable income and taxable realised gains are fully distributed to security holders each financial year.

(ii) Companies
The income tax expense or benefit for the reporting period is the tax payable on the current reporting period's taxable income based on the Australian company tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax (continued)

(ii) Companies (continued)

Deferred tax balances are calculated using the balance sheet method. Under this method, temporary differences arise between the carrying amount of assets and liabilities in the financial statements and the tax bases for the corresponding assets and liabilities. However, an exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not effect either accounting profit or taxable profit or loss. Similarly, no deferred tax asset or liability is recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled.

Deferred tax assets are recognised for temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(q) Earnings per stapled security

(i) Basic earnings per stapled security

Basic earnings per stapled security are calculated by dividing the profit attributable to the equity holders of ALE by the weighted average number of stapled securities outstanding during the reporting period.

(ii) Diluted earnings per stapled security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of stapled securities assumed to have been issued for no consideration in relation to dilutive potential stapled securities.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(s) Financial risk management

ALE's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow risk. ALE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of ALE. ALE uses derivative financial instruments such as interest rate swaps and CPI Hedges to hedge certain risk exposures (Notes 5 and 39 provide further information).

(t) New accounting standards and UIG interpretation

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- *AASB 8 Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for ALE's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by ALE's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently ALE presents segment information in respect of its business and geographical segments (see Note 37). Under the management approach, there will be no change to the disclosure.
- *Revised AASB 101 Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in a income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for ALE's 30 June 2010 financial statements, is expected to have an impact on the presentation of the financial statements. ALE plans to provide total comprehensive income in a separate statement of comprehensive income for its 2010 financial statements.
- *AASB 2008-1 Amendments to Australian Accounting Standard – Share Based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for ALE's 30 June 2010 financial statements, with retrospective application. ALE has not yet determined the potential effect of the amendment.
- *Amended AASB 127 Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests by ALE in a subsidiary, while maintaining control, to be recognised as an equity transaction. When ALE loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for ALE's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New accounting standards and UIG interpretation (continued)

– *AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and *AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for ALE's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

(u) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTE 4 DETERMINATION OF FAIR VALUES

A number of ALE's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss. ALE has a valuation process for determining the fair value at each reporting date. An independent valuer, having an appropriate professional qualification and recent experience in the location and category of property being valued, values individual properties every three years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with Board approved valuation policy. These external independent valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations of each independent property are prepared by considering the aggregate of the net annual passing rental receivable from the individual properties and where relevant, associated costs. A capitalisation rate, which reflects the specific risks inherent in the net cash flows, is then applied to the net annual passing rentals to arrive at the property valuation. The independent valuer may have regard to other valuation methods in cross-checking the primary capitalisation of income method. A table showing the range of capitalisation rates applied to individual properties for each state in which the property is held is included below.

	2009 Yields	2008 Yields
New South Wales	**5.79% – 7.25%**	5.50% – 6.30%
Victoria	**5.52% – 7.20%**	5.75% – 7.00%
Queensland	**5.45% – 6.75%**	5.25% – 7.10%
South Australia	**6.00% – 6.49%**	6.50% – 7.25%
Western Australia	**5.78% – 6.58%**	6.10% – 6.40%

Valuations reflect where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness, the allocation of maintenance and insurance responsibilities between lessor and lessee, and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices, and where appropriate, counter-notices have been served validly and within the appropriate time.

(b) Trade and other receivables

The fair value of trade and other receivables, excluding construction work-in-progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(c) Derivatives

The fair value of interest rate swaps is based on mark-to-market valuation provided by swap counter parties. Those mark to market quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using the appropriate market interest rates (including credit margins where appropriate) for a similar instrument at the measurement date.

The fair value of CPI hedges are calculated based on the present value of future principal and interest cash flows, discounted at the appropriate market rate of interest (including credit margins where appropriate) as at the reporting date.

NOTE 5 FINANCIAL RISK MANAGEMENT

Overview

The Trust and Group have exposure to the following risks from their use of financial instruments:

– credit risk
– liquidity risk
– market risk.

This note presents information about ALE's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Compliance and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by ALE, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and ALE's activities. The ALE through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Compliance and Risk Management Committee oversees how management monitors compliance with the ALE's risk management policies and procedures and reviews the adequacy of the risk management framework.

NOTE 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk
Credit risk is the risk of financial loss to ALE if its tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from ALE's receivables from the tenant and investment securities. For the Trust credit risk arises from receivables due from subsidiaries.

Trade and other receivables
ALE's exposure to credit risk is influenced mainly by the individual characteristic of it's tenant. ALE has one tenant (Australian Leisure and Hospitality Group Limited) and therefore there is significant concentration of credit risk with that tenant. Credit risk has been minimised primarily by ensuring, on a continuous basis, that the tenant has appropriate financial standing.

Liquidity risk
Liquidity risk is the risk that ALE will not be able to meet its financial obligations as they fall due. ALE's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ALE's reputation.

ALE has liquidity risk management policies, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically ALE ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for the purchase/sale of assets for a period of 90 days (or longer if deemed necessary), including the servicing of financial obligations.

Market risk
Market risk is the risk that changes in market prices, such as the consumer price index and interest rates will affect ALE's income or the value of its holdings of leases and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

ALE enters into derivatives and financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit, Compliance and Risk Management Committee.

Interest rate risk and consumer price index risk
ALE adopts a policy of ensuring that all exposure to changes in interest rates on borrowings is hedged. This is achieved by entering into interest rate swaps to fix the interest rate and CPI hedges to match liability movements with movement in property values.

Capital management
ALE regards share capital and some of its financial liabilities as capital and monitors and manages these to address risks and add value where appropriate.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as distributable income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of distributions to stapled security holders.

The Board seeks to maintain a balance between the higher returns that may be achieved with higher levels of borrowings and the advantages and security afforded by a sound capital position. While ALE does not have a specific return on capital target it seeks to ensure that capital is being most efficiently used at all times. In seeking to manage its capital efficiently, ALE from time to time may undertake on-market buybacks of both ALE stapled securities and ALE Notes. ALE has also previously made ongoing capital distribution payments to stapled security holders on a fully transparent basis. Additionally, the available total returns on all new acquisitions are tested against the anticipated weighted cost of capital at the time of the acquisition.

ALE assesses the adequacy of its capital requirements, cost of capital and gearing as part of its broader strategic plan.

Gearing ratios are monitored and increased or decreased progressively based on acquisition opportunities available, the availability of financing and a range of prudent financial metrics both at the time and on a projected basis going forward. The outcomes of ALE's strategic planning process plays an important role in determining acquisition and financing priorities over time.

The total gearing ratios at 30 June 2009 and 30 June 2008 were 69.0% and 69.8% respectively.

ALE implemented a stapled security buyback plan on 2 May 2007 which concluded on 2 May 2008.

ALE implemented a buyback plan for ALE Notes on 24 June 2008 which will conclude on 31 December 2009 or earlier if regulatory approvals require or until all ALE Notes have been bought back. At the date of this report no ALE Notes have been bought back.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000

NOTE 6 RENT FROM INVESTMENT PROPERTIES AND INTEREST FROM INVESTMENT ARRANGEMENTS

Rent from investment properties	54,703	50,169	–	–
Interest from investment arrangements	1,011	2,013	–	–
	55,714	**52,182**	**–**	**–**

The weighted average interest from investment arrangements as a percentage of investment property loans, deposits and costs equated to a yield of 9.68% (2008: 9.15%).

During the current and previous financial years ALE's investment property lease rentals and interest from investment arrangements are reviewed to State based CPI annually and are not subject to fixed increases apart from the lease for the Pritchard's Hotel which is fixed.

NOTE 7 DISTRIBUTIONS RECEIVED

Distributions	**–**	**–**	**42,411**	**35,520**

Trust distribution from the Sub Trust to the Trust. As this is a transaction within the consolidated group it is eliminated on consolidation.

NOTE 8 INTEREST INCOME

Operating bank and term deposit interest	1,697	1,055	82	115

As at 30 June 2009 the weighted average interest rate earned on cash was 3.47% (2008: 6.69%)

NOTE 9 CURRENT YEAR FAIR VALUE ADJUSTMENTS TO DERIVATIVES

Interest rate swaps fair value adjustments net gain/(loss)	7,267	604	–	(859)
CPI Hedge fair value adjustment net gain	4,418	112	–	–
	11,685	**716**	**–**	**(859)**

NOTE 10 OTHER EXPENSES

Acquisition proposal due diligence	–	10	–	–
Annual reports	102	53	–	–
Audit, Accounting, tax and professional fees	219	198	–	–
Corporate advisory services	200	120	–	–
Depreciation expense – plant and equipment	53	53	–	–
Insurance	72	72	–	–
Legal fees	418	158	–	–
Dispute costs	293	202	–	–
Occupancy costs	118	114	–	–
Other expenses	395	225	–	1
Property condition and compliance audits	–	–	–	–
Registry fees	100	95	–	–
Salaries, fees and related costs	1,558	1,630	–	–
Staff training	25	36	–	–
Travel and accommodation	22	23	–	–
Trustee and custodian fees	145	143	122	125
	3,720	**3,132**	**122**	**126**

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 11 FINANCE COSTS (CASH AND NON-CASH)					
Finance costs – cash					
Capital Indexed Bonds	26(a)	4,684	4,506	–	–
Commercial Mortgage Backed Securities	26(b)	6,213	9,684	–	–
ALE Notes	26(c)	4,571	10,928	10,898	10,928
National Australia Bank Facility	26(f)	2,614	1,691	–	–
Other finance expenses	(b)	236	268	56	49
		18,318	**27,077**	**10,954**	**10,977**
Finance costs – non-cash					
Accumulating indexation – CIB	26(a)	5,843	3,363	–	–
Accumulating indexation – CPI Hedge – CMBS borrowings	26(d)	9,622	5,666	–	–
Accumulating indexation – CPI Hedge – ALE Notes/NAB borrowings	26(e)	5,941	–		
Amortisation – CMBS & CIB	(c)	239	215	–	–
Amortisation – NAB facility	(c)	156	99	–	–
Amortisation – CPI Hedges	(c)	4	2	–	–
Amortisation – ALE Notes	(c)	1,585	1,459	1,585	1,459
Amortisation – ALE Notes premium	(d)	512	476	512	476
Other finance expenses	(b)	–	119	–	–
		23,902	**11,399**	**2,097**	**1,935**
Finance costs (cash and non-cash)		**42,220**	**38,476**	**13,051**	**12,912**

(a) The above amounts represent net cash finance costs after derivative payments and receipts.
(b) Other borrowing costs such as rating agency fees and liquidity fees.
(c) Establishment costs of the various borrowings are amortised over the period of the borrowing on an effective rate basis.
(d) Premium of $3.750 million payable on maturity of ALE Notes is accruing over the period of November 2003 to September 2011 on an effective rate basis.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 12 DERIVATIVES				
Asset	39,839	19,064	–	458
Liability	(16,029)	(8,309)	–	(1,829)
Net asset	**23,810**	**10,755**	**–**	**(1,371)**

(a) Instruments used by ALE

ALE uses derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates and the consumer price index in accordance with the Group's financial risk management policies. As at balance date ALE has hedged all non CIB borrowings through the use of CPI Hedges. In addition to CPI Hedges, interest rates on certain floating rate borrowings had previously been subject to interest rate swaps. Following the implementation of the CPI Hedges the interest rates swaps were no longer required and have been counter swapped. Interest rate swaps and CPI Hedges are carried on the consolidated balance sheet at fair value. Changes in the mark to market fair value of these derivatives are recognised in the consolidated income statement.

Note 26 contains further information on the derivative financial instruments in place over current borrowings.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 13 INCOME TAX				
Current tax expense/(benefit)	–	–	–	–
Deferred tax expense	(7,107)	2,122	–	–
	(7,107)	**2,122**	**–**	**–**
Deferred income tax expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax asset (Note 14)	(1,517)	(163)	–	–
(Decrease)/increase in deferred tax liabilities (Note 15)	(5,590)	2,285	–	–
	(7,107)	2,122	–	–
Reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	20,257	8,659	26,153	18,863
Less: Profit/(loss) attributable to entities not subject to tax	44,067	1,607	26,153	18,863
Profit/(loss) before income tax expense subject to tax	(23,810)	7,052	–	–
Tax at the Australian tax rate 30%	(7,143)	2,116	–	–
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share based payments	47	66	–	–
Other	(4)	(104)	–	–
Under/(over) provision in prior years	(7)	44	–	–
Income tax expense	**(7,107)**	**2,122**	**–**	**–**
NOTE 14 DEFERRED TAX ASSET				
Deferred tax asset	**2,681**	**1,164**	**–**	**–**
The balance is attributable to:				
Derivatives – interest rate swaps	2,296	449	–	–
Employee benefits	6	11	–	–
Acquisition proposal due diligence costs	109	186	–	–
Other accruals	238	125		
Tax losses	32	393	–	–
Net deferred tax assets	**2,681**	**1,164**	**–**	**–**
Movements:				
Opening balance	1,164	1,001	–	–
Credited/(charged) to the income statement (Note 13)	1,517	163	–	–
Credited/(charged) to equity	–	–	–	–
Closing balance	**2,681**	**1,164**	**–**	**–**
Deferred tax assets to be recovered within 12 months	340	232	–	–
Deferred tax assets to be recovered after more than 12 months	2,341	932	–	–
	2,681	**1,164**	**–**	**–**

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 15 DEFERRED TAX LIABILITY					
Deferred tax liability		**300**	**5,890**	**–**	**–**
The balance is attributable to:					
Derivatives – interest rate swaps		82	5,512	–	–
Interest income earned but not received		23	14	–	–
CIB interest amortisation		–	226	–	–
CIB and CMBS amortisation of costs		195	138		
Net deferred tax liability		**300**	**5,890**	**–**	**–**
Movements:					
Opening balance		5,890	3,605	–	–
Charged/(credited) to income statement (Note 13)		(5,590)	2,285	–	–
Closing balance		**300**	**5,890**	**–**	**–**
Deferred tax liabilities to be recovered within 12 months		23	15	–	–
Deferred tax liabilities to be recovered after more than 12 months		277	5,875	–	–
		300	**5,890**	**–**	**–**
NOTE 16 DISTRIBUTIONS AND EARNING PER STAPLED SECURITY					
Reconciliation of profit after tax to amounts available for distribution:					
Profit after income tax for the year	(a)	**27,364**	**6,537**	**26,153**	**18,863**
Plus/(less)					
Realised gain on termination of interest rate swap		(1,371)	–	–	–
Profit on sale of investment properties		(3,688)	–	–	–
Fair value losses to investment properties		5,985	2,098	–	–
Fair value gains to derivatives		(11,685)	(716)	–	859
Employee share based payments		157	221	–	–
Finance costs – non-cash	11	23,902	11,399	2,097	1,935
Income tax expense/(benefit)		(7,107)	2,122	–	–
Adjustments for non-cash items		**6,193**	**15,124**	**2,097**	**2,794**
Profit after income tax adjusted for non-cash items	(b)	**33,557**	**21,661**	**28,250**	**21,657**
Plus/(Less)					
Fair value gains to investment properties identified for distribution	(c)	–	7,242	–	7,242
Total available for distribution	(d)	**33,557**	**28,903**	**28,250**	**28,899**
Distribution paid or provided for	(e)	26,153	28,899	26,153	28,899
Available and under/(over) distributed for the year	(f)	**7,404**	**4**	**2,097**	**–**

NOTE 16 DISTRIBUTIONS AND EARNING PER STAPLED SECURITY (CONTINUED)

	Consolidated		Parent Entity	
	2009 Number of stapled securities On Issue	2008 Number of stapled securities On Issue	**2009 Number of stapled securities On Issue**	2008 Number of stapled securities On Issue
Weighted average number of stapled securities used as the denominator in calculating earnings per stapled security at (a) and (b) below	86,845,689	86,631,833	86,845,689	86,631,833
Weighted average number of stapled securities and potential stapled securities used as the denominator in calculating diluted earnings per stapled security	86,845,689	86,631,833	86,845,689	86,631,833
Stapled securities on issue at the end of the year used in calculating distribution per stapled security at (c) below	87,692,019	85,813,747	87,692,019	85,813,747

	Consolidated		Parent Entity	
	2009 cps	2008 cps	**2009 cps**	2008 cps
(a) Basic and diluted earnings per stapled security	31.51	7.55	30.11	21.77
(b) Basic and diluted earnings per stapled security before non cash adjustments (Free Cash Flow)	38.64	25.00	32.53	25.00
(c) Fair value adjustments to investment properties identified for distribution	0.00	8.41	0.00	8.41
(d) Total available for distribution	38.64	33.41	32.53	33.41
(e) Distribution per stapled security	30.00	33.60	30.00	33.60
(f) Available and under/(over) distributed for the year	8.64	(0.19)	2.53	(0.19)

(g) Fair value adjustments to investment properties identified for distribution

For the year ending June 2008, ALE had a policy of distributing 50% of property value movements that related to matters other than changes in property capitalisation rates. These included valuation increases relating to the increase in rent and completion of development properties.

For the year ending June 2009 and future years ALE has revised its distribution policy and will not distribute amounts in excess of the free cash flow available for distribution. For the year ending 30 June 2009 only 78% of free cash flow has been distributed.

cps = cents per security

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
NOTE 17 CASH ASSETS AND CASH EQUIVALENTS				
Cash at bank and in hand	20,339	908	56	42
Deposits at call	10,066	61	–	–
Cash reserve	5,500	7,558	–	2,058
	35,905	**8,527**	**56**	**2,100**

An amount of $5.5 million is required to be held as a cash reserve as part of the terms of the CMBS and CIB issues in order to provide liquidity for CMBS and CIB obligations to scheduled maturities of 20 May 2011 and 20 November 2023 respectively and in 2008 $2.058 million of the cash reserve was required to be held as collateral for certain Trust interest rate derivatives.

During the year ended 30 June 2009 all cash assets were placed on deposit with either the ANZ Banking Group Limited, National Australia Bank Limited, Commonwealth Bank of Australia Limited or Macquarie Bank Limited. As at 30 June 2009 the weighted average interest rate on all cash assets was 3.61% (2008: 7.63%).

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Reconciliation of profit after income tax to net cash inflows from operating activities				
Profit for the year	27,364	6,537	26,153	18,863
Plus/(less):				
Fair value losses/(gains) to investment property	5,985	2,098	–	–
Fair value loses/(gains) to derivatives	(13,055)	(716)	–	859
Finance costs amortisation	2,496	2,251	2,097	1,935
Gain on disposal of investment property	(3,688)	–	–	–
Capitalised interest on CIB	5,843	3,363	–	–
Capitalised interest on CPI Hedges	15,563	5,666	–	–
Share based payments expense	157	221	–	–
Depreciation	52	53	–	–
Decrease/(increase) in receivables	67	(1,508)	–	(9)
Decrease/(increase) in current tax asset	–	(1)	–	–
Decrease/(increase) in deferred tax asset	(1,517)	(163)	–	–
Decrease/(increase) in other assets	482	617	(1)	–
Increase/(decrease) in payables	(1,672)	1,843	(4)	(189)
Increase/(decrease) in provisions	(16)	5	–	–
Increase/(decrease) in other liabilities	(201)	170	–	–
Increase/(decrease) in deferred tax liability	(5,590)	2,285	–	–
Net cash inflow from operating activities for the year	**32,270**	**22,721**	**28,245**	**21,459**

(a) During June 2009 5 properties were sold. Settlement of these properties occurred post 30 June 2009 therefore proceeds from the disposal of the properties was not received in the current year. Disposal costs of $345,000 have been deducted from the gross sale proceeds received.

(b) Distribution payments totalling of $4,255,324 were satisfied by the issue of securities under the Distribution Reinvestment Plan.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 18 OTHER				
Current				
Other prepaid expenses	**82**	**564**	**13**	**12**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 19 RECEIVABLES				
Accounts receivable	790	326	–	–
Net property sale proceeds receivable	27,239	–	–	–
Interest receivable	1,049	1,580	–	–
Loan to related party – the Company	–	–	1,802	1,687
Loan to related party – the Sub Trust	–	–	23,775	18,196
	29,078	**1,906**	**25,577**	**19,883**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 20 INVESTMENT PROPERTIES				
Investment properties – at fair value	**804,765**	**820,270**	**–**	**–**

Reconciliation

A reconciliation of the carrying amounts of investment properties at the beginning and end of the year is set out below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Carrying amount at beginning of the year	820,270	769,110	–	–
Additions	–	–	–	–
Acquisitions	15,640	53,258	–	–
Disposals – at fair value	(25,160)	–	–	–
Net gain/(loss) from fair value adjustments	(5,985)	(2,098)	–	–
Carrying amount at the end of the year	**804,765**	**820,270**	**–**	**–**

All investment properties are freehold and 100% owned by ALE and are comprised of land, buildings and fixed improvements. The plant and equipment, liquor, gaming licences and certain development rights are held by the tenant.

Leasing arrangements

The majority of investment properties are leased to a single tenant under long-term "triple net" operating leases with rentals payable monthly in advance. ALE has incurred no lease incentive costs to date. The Balmoral, The Brass Monkey and Pritchard's Hotels are leased under long term "double net" operating leases.

Valuation of investment properties

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. As at 30 June 2009 the weighted average investment property capitalisation rate used to determine the value of all investment properties was 6.45% (2008: 6.20%).

Independent valuations as at 30 June 2009

In accordance with ALE's policy of independently valuing at least one-third of its property portfolio annually, 33 properties were independently valued as at 30 June 2009. The independent valuations are identified as "A" in the investment property table under the column labelled "Valuation type and date". These valuations were completed by Urbis Valuations.

Directors' valuations as at 30 June 2009

33 of ALE's portfolio of 100 completed properties were independently valued as at 30 June 2009. The remaining 67 completed properties were subject to a desktop review by Urbis and, after due consideration, the Directors have adopted the results of the desktop reviews as the Directors' valuations as at 30 June 2009. These properties are identified as "B" in the following tables. The Directors' valuations were determined by taking each property's net rent as at 30 June 2009 and capitalising it at a rate equal to the desktop review capitalisation rate advised by Urbis. The capitalisation rates for each property were determined after considering the latest available independent valuation on the property and adjusting for factors such as the state by state movements in the June 2009 independently valued properties, any recent developments on the property, and the market evidence available for similar valued properties.

NOTE 20 INVESTMENT PROPERTIES (CONTINUED)

Property	Date acquired	Cost including additions $'000	Valuation type and date	**Fair value 30 June 2009 $'000**	Fair value 30 June 2008 $'000	**Fair value gains (losses) 30 June 2009 $'000**
New South Wales						
Blacktown Inn, Blacktown	Nov-03	5,472	B	7,830	8,080	(250)
Brown Jug Hotel, Fairfield Heights	Nov-03	5,660	B	8,090	8,390	(300)
Colyton Hotel, Colyton	Nov-03	8,208	A	12,550	12,030	520
Crows Nest Hotel, Crows Nest	Nov-03	8,772	B	11,590	13,080	(1,490)
Kirribilli Hotel, Kirribilli	Nov-03	–	C	–	8,390	40
Melton Hotel, Auburn	Nov-03	3,114	A	5,050	4,430	620
Narrabeen Sands Hotel, Narrabeen	Mar-09	8,945	B	9,880	–	935
New Brighton Hotel, Manly	Nov-03	8,867	A	11,800	12,870	(1,070)
Pioneer Tavern, Penrith	Nov-03	5,849	B	8,350	8,210	140
Pritchard's Hotel, Mount Pritchard	Oct-07	21,130	B	18,290	20,440	(2,150)
Pymble Hotel, Pymble	Nov-03	–	C	–	3,740	10
Smithfield Tavern, Smithfield	Nov-03	4,151	B	6,300	6,260	40
Total New South Wales properties		**80,168**		**99,730**	**105,920**	**(2,955)**
Queensland						
Albany Creek Tavern, Albany Creek	Nov-03	8,396	B	10,560	11,360	(800)
Albion Hotel, Albion	Nov-03	4,434	A	6,325	6,740	(415)
Alderley Arms Hotel, Alderley	Nov-03	3,303	B	4,740	4,790	(50)
Anglers Arms Hotel, Southport	Nov-03	4,434	A	6,590	6,640	(50)
Balaclava Hotel, Cairns	Nov-03	3,304	A	5,020	4,700	320
Breakfast Creek Hotel, Breakfast Creek	Nov-03	10,659	B	11,500	13,890	(2,390)
Burleigh Heads Hotel, Burleigh Heads	Nov-08	6,685	B	9,090	–	2,405
Camp Hill Hotel, Camp Hill	Nov-03	2,265	B	3,280	3,340	(60)
CBX Caloundra Hotel, Caloundra	Oct-05	4,331	B	6,550	6,770	(220)
Chardons Corner Hotel, Annerly	Nov-03	1,416	A	2,010	1,990	20
Dalrymple Hotel, Townsville	Nov-03	3,208	A	5,125	4,550	575
Edge Hill Tavern, Manoora	Nov-03	2,359	A	4,075	3,780	295
Edinburgh Castle Hotel, Kedron	Nov-03	3,114	B	5,040	4,610	430
Ferny Grove Tavern, Ferny Grove	Nov-03	5,849	B	7,900	8,290	(390)
Four Mile Creek, Strathpine	Jun-04	3,672	B	5,680	5,900	(220)
Hamilton Hotel, Hamilton	Nov-03	6,604	A	7,230	8,580	(1,350)
Holland Park Hotel, Holland Park	Nov-03	3,774	B	5,650	5,930	(280)
Kedron Park Hotel, Kedron Park	Nov-03	2,265	B	3,020	3,190	(170)
Kirwan Tavern, Townsville	Nov-03	4,434	A	7,700	7,080	620
Lawnton Tavern, Lawnton	Nov-03	4,434	B	6,770	6,290	480
Miami Tavern, Miami	Nov-03	4,057	A	5,980	6,550	(570)
Mount Gravatt Hotel, Mount Gravatt	Nov-03	3,208	B	4,620	4,690	(70)
Mount Pleasant Tavern, Mackay	Nov-03	1,794	B	3,240	2,840	400
Noosa Reef Hotel, Noosa Heads	Jun-04	6,874	A	10,750	11,100	(350)
Nudgee Beach Hotel, Nudgee	Nov-03	3,020	B	3,910	4,530	(620)
Oxford 152, Bulimba	Nov-03	5,000	B	6,310	7,200	(890)
Palm Beach Hotel, Palm Beach	Nov-03	6,886	A	9,940	10,550	(610)
Pelican Waters, Caloundra	Jun-04	4,237	B	6,040	6,200	(160)
Prince of Wales Hotel, Nundah	Nov-03	3,397	B	5,210	5,090	120
Racehorse Hotel, Booval	Nov-03	1,794	B	1,760	2,590	(830)
Redland Bay Hotel, Redland Bay	Nov-03	5,189	B	7,450	7,620	(170)
Royal Exchange Hotel, Toowong	Nov-03	5,755	B	7,950	8,650	(700)
Springwood Hotel, Springwood	Nov-03	9,150	A	12,150	12,970	(820)
Stones Corner Hotel, Stones Corner	Nov-03	5,377	B	7,940	8,510	(570)
Sunnybank Hotel, Sunnybank	Nov-03	8,208	B	8,000	11,570	(3,570)
Vale Hotel, Townsville	Nov-03	5,661	B	9,510	8,990	520
Wilsonton Hotel, Toowoomba	Nov-03	4,529	B	6,930	6,580	350
Total Queensland properties			**173,076**	**241,545**	**244,650**	**(9,790)**
South Australia						
Aberfoyle Hub Tavern, Aberfoyle Park	Nov-03	3,303	B	5,420	4,810	610
Enfield Hotel, Clearview	Nov-03	2,454	A	4,450	3,710	740
Eureka Tavern, Salisbury	Nov-03	3,303	B	5,590	4,820	770
Exeter Hotel, Exeter	Nov-03	1,888	B	3,430	2,800	630
Finsbury Hotel, Woodville North	Nov-03	1,605	B	2,870	2,370	500
Gepps Cross Hotel, Blair Athol	Nov-03	2,171	B	4,020	3,290	730
Hendon Hotel, Royal Park	Nov-03	1,605	A	3,000	2,420	580
Ramsgate Hotel, Henley Beach	Nov-03	3,774	B	5,950	5,650	300
Stockade Tavern, Salisbury	Nov-03	4,435	A	7,250	6,650	600
Total South Australian properties		**24,538**		**41,980**	**36,520**	**5,460**

NOTE 20 INVESTMENT PROPERTIES (CONTINUED)

Property	Date acquired	Cost including additions $'000	Valuation type and date	**Fair value 30 June 2009 $'000**	Fair value 30 June 2008 $'000	**Fair value gains (losses) 30 June 2009 $'000**
Victoria						
Ashley Hotel, Braybrook	Nov-03	3,963	B	6,410	5,790	620
Bayswater Hotel, Bayswater	Nov-03	9,905	A	15,450	14,520	930
Berwick Inn, Berwick	Feb-06	15,888	B	16,220	17,730	(1,510)
Blackburn Hotel, Blackburn	Nov-03	9,433	B	12,400	13,580	(1,180)
Blue Bell Hotel, Wendouree	Nov-03	1,982	B	3,740	3,040	700
Boundary Hotel, East Bentleigh	Jun-08	17,943	A	19,400	19,200	190
Burvale Hotel, Nunawading	Nov-03	9,717	B	13,610	14,540	(930)
Club Hotel – FTG, Ferntree Gully	Nov-03	5,095	A	8,250	7,380	870
Cramers Hotel, Preston	Nov-03	8,301	A	12,940	13,600	(660)
Daveys Hotel, Frankston	Nov-03	2,548	A	4,860	4,130	730
Deer Park Hotel, Deer Park	Nov-03	6,981	B	10,490	10,730	(240)
Doncaster Inn, Doncaster	Nov-03	12,169	A	17,210	17,210	–
Elsternwick Hotel, Elwood	Nov-03	–	C	–	4,800	(40)
Eltham Hotel, Eltham	Nov-03	4,717	B	8,080	7,300	780
Ferntree Gully Hotel/Motel, Ferntree Gully	Nov-03	4,718	A	8,100	7,830	270
Gateway Hotel, Corio	Nov-03	3,114	B	5,540	4,900	640
Keysborough Hotel, Keysborough	Nov-03	9,622	B	12,670	13,550	(880)
Mac's Melton Hotel, Melton	Nov-03	6,886	B	10,030	9,790	240
Meadow Inn Hotel/Motel, Fawkner	Nov-03	8,113	B	11,820	11,540	280
Mitcham Hotel, Mitcham	Nov-03	8,584	B	12,100	12,470	(370)
Morwell Hotel, Morwell	Nov-03	1,511	A	3,020	2,390	630
Mountain View Hotel, Glen Waverley	Nov-03	7,169	B	11,150	11,590	(440)
Olinda Creek Hotel, Lilydale	Nov-03	3,963	B	6,550	5,680	870
Pier Hotel, Frankston	Nov-03	8,019	B	11,290	11,360	(70)
Plough Hotel, Mill Park	Nov-03	8,490	B	12,420	12,310	110
Prince Mark Hotel, Doveton	Nov-03	9,810	A	14,380	14,320	60
Rifle Club Hotel, Williamstown	Nov-03	–	C	–	4,420	(100)
Rose Shamrock & Thistle, Reservoir	Nov-03	–	C	–	3,990	(90)
Royal Hotel – Essendon, Essendon	Nov-03	4,340	B	7,050	6,410	640
Royal Exchange, Traralgon	Nov-03	2,171	A	4,210	3,440	770
Royal Hotel – Sunbury, Sunbury	Nov-03	3,114	B	4,920	4,350	570
Sandbelt Club Hotel, Moorabbin	Nov-03	10,849	B	15,190	16,920	(1,730)
Sandown Park Hotel/Motel, Noble Park	Nov-03	6,321	B	8,920	9,070	(150)
Sandringham Hotel, Sandringham	Nov-03	4,529	B	7,380	7,220	160
Somerville Hotel, Somerville	Nov-03	2,642	A	4,840	4,310	530
Stamford Inn, Rowville	Nov-03	12,733	B	16,210	18,690	(2,480)
Sylvania Hotel, Campbellfield	Nov-03	5,377	A	8,690	7,780	910
Tudor Inn, Cheltenham	Nov-03	5,472	B	8,240	8,120	120
The Vale Hotel, Mulgrave	Nov-03	5,566	B	8,150	8,290	(140)
Victoria Hotel, Shepparton	Nov-03	2,265	B	4,250	3,480	770
Village Green Hotel, Mulgrave	Nov-03	12,546	B	15,960	18,080	(2,120)
Westmeadows Tavern, Westmeadows	Nov-03	2,737	B	4,710	4,110	600
Young & Jackson, Melbourne	Nov-03	6,132	A	8,830	8,090	740
Total Victorian properties		**275,435**		**395,680**	**408,050**	**600**
Western Australia						
Balmoral Hotel, East Victoria Park	Jul-07	6,377	B	6,210	6,280	(70)
The Brass Monkey Hotel, Northbridge	Nov-07	7,815	A	7,750	7,420	330
Queens Tavern, Highgate	Nov-03	4,812	B	7,120	7,230	(110)
Sail & Anchor Hotel, Fremantle	Nov-03	3,114	A	4,750	4,200	550
Total Western Australian properties		**22,118**		**25,830**	**25,130**	**700**
Total investment properties		**575,335**		**804,765**	**820,270**	**(5,985)**

Reconciliation of fair value gains/losses for year ending 30 June 2009	
Fair value as 30 June 2008	820,270
Disposals during the year ended 30 June 2009	(25,160)
Additions during year ended 30 June 2009	15,640
Carrying amount before 30 June 2009 valuations	810,750
Fair value at 30 June 2009	804,765
Fair value gain/(loss) for year ended 30 June 2009	**(5,985)**

Valuation type and date

A Independent valuations conducted during June 2009 with a valuation date of 30 June 2009.

B Directors' valuations conducted during June 2009 with a valuation date of 30 June 2009.

C Properties disposed of during the financial year.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
NOTE 21 LOANS AND DEPOSITS – INVESTMENT PROPERTIES				
Current	**–**	**19,576**	**–**	**–**
Non-current	**–**	**2,551**	**–**	**–**

ALE paid deposits and made loans to subsidiaries of Foster's Group Limited during November 2003 equal to the purchase prices in the conditional sale contracts for each of the properties. As at 30 June 2009 all loans had been repaid and the properties were acquired by ALE. ALE received monthly interest on the loans equal to the rent otherwise payable on the properties.

As at 30 June 2008

Property	Expected acquisition quarter ending	Deposits (10% of purchase price) $'000	Loans (90% of purchase price) $'000	Costs $'000	Total acquisition costs $'000
Current					
Burleigh Heads Hotel, Burleigh Heads	Sep 2008	–	5,914	–	5,914
Narrabeen Sands Hotel, Narrabeen	Sep 2008	–	7,914	–	7,914
Parkway Hotel, Frenchs Forest, NSW	Sep 2008	–	5,748	–	5,748
		–	**19,576**	**–**	**19,576**
Non-current					
Burleigh Heads Hotel, Burleigh Heads	Sep 2008	658	–	114	772
Narrabeen Sands Hotel, Narrabeen	Sep 2008	879	–	152	1,031
Parkway Hotel, Frenchs Forest, NSW	Sep 2008	638	–	110	748
		2,175	**–**	**376**	**2,551**
Total loans and deposits – investment properties		**2,175**	**19,576**	**376**	**22,127**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 22 PLANT AND EQUIPMENT				
Furniture, fittings and equipment				
At Cost	52	63	–	–
Accumulated depreciation	(34)	(40)	–	–
	18	23	–	–
Computer equipment				
At Cost	111	85	–	–
Accumulated depreciation	(83)	(65)	–	–
	28	20	–	–
Office fitout				
At Cost	180	180	–	–
Accumulated depreciation	(140)	(112)	–	–
	40	68	–	–
Total				
At Cost	343	328	–	–
Accumulated depreciation	(257)	(217)	–	–
Net book value	**86**	**111**	–	–
Movement in Plant and Equipment				
Furniture, fittings and equipment				
Net book value at the beginning of the year	23	29	–	–
Additions	3	–	–	–
Disposals	(3)	–	–	–
Depreciation charge	(5)	(6)	–	–
Net book value at the end of the year	18	23	–	–
Computer equipment				
Net book value at the beginning of the year	20	20	–	–
Additions	26	19	–	–
Disposals	–	(2)	–	–
Depreciation charge	(18)	(17)	–	–
Net book value at the end of the year	28	20	–	–
Office fitout				
Net book value at the beginning of the year	68	2	–	–
Additions	–	94	–	–
Disposals	–	–	–	–
Depreciation charge	(28)	(28)	–	–
Net book value at the end of the year	40	68	–	–
Total				
Net book value at the beginning of the year	111	51	–	–
Additions	29	113	–	–
Disposals	(3)	(2)	–	–
Depreciation charge	(51)	(51)	–	–
Net book value at the end of the year	86	111	–	–
NOTE 23 INVESTMENT IN CONTROLLED ENTITIES				
Unlisted units in controlled trust:				
Sub Trust	–	–	180,656	180,656
	–	–	180,656	180,656

The Trust owns 100% of the issued units of the Sub Trust.

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 24 PAYABLES					
Trade creditors		258	165	–	–
Interest accrued on CMBS		940	2,243	–	–
Interest accrued on CIB		528	524	–	–
Interest accrued on NAB Facility		280	349	–	–
Interest accrued on ALE Notes		2,747	2,747	2,747	2,747
Other accruals		1,445	1,842	33	37
		6,198	**7,870**	**2,780**	**2,784**
NOTE 25 PROVISIONS AND OTHER LIABILITIES					
(a) Provisions					
Provision for distribution		13,154	14,460	13,154	14,460
Provision for annual leave		21	37	–	–
		13,175	**14,497**	**13,154**	**14,460**
(b) Current liabilities – other					
Unearned interest income		**–**	**201**	**–**	**–**
NOTE 26 BORROWINGS					
Current borrowings		**–**	**8,450**	**–**	**–**
Non-current borrowings		**607,212**	**564,593**	**148,349**	**146,252**
Current borrowings					
Loan at call – ALH		**–**	**8,450**	**–**	**–**

On 27 June 2008 ALE purchased the Boundary Hotel from Orchard Diversified Property Fund. The acquisition was funded by cash and a short term loan from ALH of $8.45 million. The loan was interest free and repayable within 30 days of the acquisition of Boundary. The loan was repaid following the disposal of ALE's interest in the Parkway Hotel to ALH on 28 July 2008.

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Non-current borrowings					
CIB – maturing November 2023	(a)	138,362	132,492	–	–
CMBS – maturing May 2011	(b)	244,557	244,345	–	–
ALE Notes – maturing September 2011	(c)	148,349	146,252	148,349	146,252
CPI Hedge – maturing November 2023	(d)	15,218	5,593	–	–
CPI Hedge – maturing May 2023	(e)	5,932	–	–	–
NAB Facility – maturing May 2011	(f)	54,794	35,911		
		607,212	**564,593**	**148,349**	**146,252**
CIB					
Opening balance		132,492	129,107		
Accumulating indexation		5,843	3,363	–	–
Amortisation of establishment costs		27	22	–	–
Closing balance		**138,362**	**132,492**	**–**	**–**

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 26 BORROWINGS (CONTINUED)					
CMBS					
Opening balance		244,345	224,381	–	–
Issued August 2007		–	20,000	–	–
Borrowing establishment costs capitalised		–	(229)	–	–
Amortisation of establishment costs		212	193	–	–
Closing balance		**244,557**	**244,345**	**–**	**–**
ALE Notes					
Opening balance		146,252	144,317	146,252	144,317
Borrowing establishment costs capitalised		1,585	1,459	1,585	1,459
Premium payable at maturity – accrued		512	476	512	476
Closing balance		**148,349**	**146,252**	**148,349**	**146,252**
CPI Hedge – Maturing November 2023					
Opening balance		5,593	–		
Accumulating indexation		9,622	5,666	–	–
Borrowing establishment costs capitalised		–	(75)	–	–
Amortisation of establishment costs		3	2	–	–
Closing balance		**15,218**	**5,593**	**–**	**–**
CPI Hedge – Maturing May 2023					
Opening balance		–	–		
Accumulating indexation		5,941	–	–	–
Borrowing establishment costs capitalised		(10)	–	–	–
Amortisation of establishment costs		1	–	–	–
Closing balance		**5,932**	**–**	**–**	**–**
NAB – Working capital facility					
Opening balance		35,911	–	–	–
Drawdown – October 2007		–	26,000	–	–
Drawdown – January 2008		–	10,000	–	–
Drawdown – July 2008		19,000	–	–	–
Borrowing establishment costs capitalised		(273)	(188)	–	–
Amortisation of establishment costs		156	99	–	–
Closing balance		**54,794**	**35,911**	**–**	**–**

(a) CIB
$125 million of CIB was issued in May 2006. A fixed rate of interest of 3.40% p.a. (including credit margin) applies to the CIB and is payable quarterly with the outstanding balance of the CIB accumulating quarterly in line with the national consumer price index. The total amount of the accumulating indexation is not payable until maturity of the CIB in November 2023.

(b) CMBS
$245 million of CMBS were issued between May 2006 and August 2007, with a scheduled maturity date of May 2011. ALE's $245 million of CMBS variable base interest rate exposure (any any debt that replaces it) is fully hedged until November 2023.

Prior to 7 December 2007, ALE had in place interest rate swap contracts to cover 100% of interest payments on the $245 million CMBS. Under these swap contracts ALE is obliged to receive floating rate interest and pay fixed rate interest. On 7 December 2007 contracts were entered into which offset (on a Group basis) the pre-existing swap contracts for interest on the $245 million CMBS. ALE will continue to receive or pay net amounts until 2015 arising from the difference between fixed rates payable and fixed rates receivable in respect of the offsetting swaps.

(c) ALE Notes
$150 million of ALE Notes were issued on 7 November 2003 with a scheduled maturity date of 30 September 2011. A fixed rate interest of 7.265% is payable semi-annually on the Notes. A 2.5% redemption premium of $3.75 million is also payable on the maturity date. ALE's $150 million of ALE Notes base interest rate exposure (and any debt facility that replaces it) is fully hedged until November 2023.

On 9 July 2008, ALE put in place an interest rate swap to counter swap 100% of the fixed interest payments on the $150 million ALE Notes borrowings. Under the swap contract ALE is obliged to receive fixed interest and pay floating interest.

NOTE 26 BORROWINGS (CONTINUED)

(d) CPI Hedge – CMBS

Since 7 December 2007, ALE has had a 16 year CPI Hedge in place in respect of the $245 million of floating rate CMBS. Under the hedge ALE receives floating interest rates plus a margin of 0.2575% and pays a fixed rate of 3.61% on a balance escalating with CPI until November 2023. The CPI Hedge indexation is calculated with reference to the national CPI. The indexation that accumulates is added to the $245 million notional balance of the CPI Hedge. The accumulated indexation is payable by ALE on maturity of the CPI Hedge which is scheduled for November 2023. The hedge counterparty has a right to break the hedge such that the accumulated indexation and any mark to market revaluation amount may become payable/receivable in December 2012 or December 2017. During the year ending 30 June 2009 $3.965 million (2008: $5.708 million) of net swap interest from the CPI Hedge was received/receivable.

(e) CPI Hedge – ALE Notes/ NAB Facility

In July 2008 and August 2008, a CPI Hedge was established totalling $205 million in two tranches in respect of the $150 million ALE Notes and the $55 million NAB Facility. A real base interest of 3.77% p.a. applies to the CPI Hedge and is settled quarterly with the $205 million notional balance of the CPI Hedge escalating quarterly in line with the national CPI. The indexation that accumulates is payable by ALE on the maturity of the CPI Hedge which is scheduled for May 2023 (or at any of the earlier five year extension dates). The hedge counterparty has a right not to extend the hedge such that the accumulated indexation and any mark to market revaluation amount may become payable in May 2013 or May 2018. During the year ending 30 June 2009 $3.546 million (2008: $Nil) of net swap interest from the CPI Hedge was received/receivable.

(f) NAB Facility

In October 2007 ALE established a $55 million facility with National Australia Bank. The NAB facility has a floating interest rate and has a maturity date of May 2011. ALE's $55 million of variable base interest rate exposure (and any debt facility that replaces it) is fully hedged until May 2023.

Prior to 9 July 2008, ALE had in place interest rate swap contracts to cover 100% of interest payments on the $55 million NAB Facility. Under these swap contracts ALE is obliged to receive floating rate interest and pay fixed rate interest. On 9 July 2008 and 1 August 2008 contracts were entered into which offset (on a Group basis) the pre-existing swap contracts for interest on the $55 million NAB Facility. ALE will continue to receive or pay net amounts until May 2015 on $19 million and until May 2018 on $55 million arising from the difference between fixed rates payable and fixed rates receivable in respect of the offsetting swaps.

(g) Interest rate swaps

At 30 June 2009, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Less than 1 year	–	–	–	–
1 – 2 years	–	–	–	–
2 – 3 years	–	–	–	56,250
3 – 4 years	–	36,000	–	6,250
4 – 5 years	–	–	–	56,250
Greater than 5 years (See * below)	450,000	245,000	–	56,250
	450,000	281,000	–	175,000

* The periods of expiry shown assume the rights not to break and rights to extend are exercised by the hedge counterparties.

The above notional amounts do not include the accumulated indexation associated with the CPI Hedges.

The swap and hedge contracts require settlement of net interest receivable or payable on a quarterly basis. The settlement dates coincide with the dates on which interest is payable on the underlying CMBS. The contracts are settled on a net basis.

Assuming rights to break and rights to extend are not exercised by the hedge counterparties, the average weighted term of the interest rate hedges and fixed rate securities in relation to the total borrowings of ALE has decreased from 14.7 years at 30 June 2008 to 14.0 years at 30 June 2009.

The gain or loss from marking to market the interest rate hedges (derivatives) at fair value is taken directly to the consolidated income statement. In the year ended 30 June 2009 a gain in value of $18,885,000 was transferred to the profit and loss (2008: gain in value of $716,000).

NOTE 26 BORROWINGS (CONTINUED)

Assets pledged as security

The ALE Notes are unsecured. The carrying amounts of assets pledged as security as at the balance date for CMBS borrowings, CIB borrowings, and certain interest rate derivatives are:

	Consolidated	
	2009 $'000	2008 $'000
Current assets		
Cash reserve	5,500	7,558
Non-current assets		
Total investments properties	804,765	839,846
Less: Properties not subject to mortgages		
Boundary Hotel, VIC	(19,400)	(19,200)
Pritchard's Hotel, Mt Pritchard, NSW	(18,290)	(20,440)
Balmoral Hotel, East Victoria Park, WA	–	(6,280)
The Brass Monkey Hotel, Northbridge, WA	(7,750)	(7,420)
Properties subject to first mortgages	**759,325**	**786,506**
Total assets	**764,825**	**794,064**

During the period the Balmoral Hotel was added to the assets pledged as security to replace the Parkway Hotel following its sale in July 2008. Subsequent to year end the Brass Monkey Hotel and Boundary Hotel have been transferred to the security pool of assets to replace the five properties disposed of in June 2009.

In the event of a default by the properties' tenant, Australian Leisure and Hospitality Group Limited (ALH), then if the assets pledged as security are insufficient to fully repay CMBS and CIB borrowings, the CMBS and CIB holders are also entitled to recover certain unpaid amounts from the business assets of ALH.

Financial Covenants

ALE is required to comply with certain financial covenants in respect of its borrowing facilities. The major financial covenants are summarised as follows:

Loan to Value Ratio Covenants (LVR)

CMBS/CIB	No LVR Covenant
NAB Facility	Senior borrowings not to exceed 60% of total property value
CPI Hedges	Senior borrowings not to exceed 60% of total property value
ALE Notes	Senior borrowings not to exceed 60% of total assets
ALE Notes	Total borrowings not to exceeds 87.5% of total assets

Definitions

Senior borrowings excludes the ALE Notes borrowing

All covenants exclude the market value of derivatives

Interest Cover Ratio Covenants (ICR)

CMBS/CIB	Tenant EBITDAR to be greater than 4.5 times CMBS/CIB interest
NAB facility	ALE EBITDAR to be greater than 1.5 times senior interest
CPI Hedges	No ICR covenant
ALE Notes	ALE EBITDAR to be greater than 1.2 times total interest

Definitions

Senior interest excludes ALE Notes interest

Interest amounts include all derivative rate swap payments and receipts

At 30 June 2009 and 2008 ALE was in compliance with all the above covenants.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 27 CONTRIBUTED EQUITY				
Balance at the beginning of the period	60,384	80,241	60,792	80,225
Transfer from reserve on issue of securities under ALE Executive Performance Rights Plan	146	–	141	–
DRP implementation costs	(25)	(34)	–	(34)
Stapled securities issued under Dividend Reinvestment Plan	4,256	–	4,094	–
Stapled securities cancelled as part of on-market security buyback program	–	(19,823)	–	(19,399)
	64,761	**60,384**	**65,027**	**60,792**

Movements in the number of fully paid stapled securities during the period were as follows:

	2009 Number of Stapled Securities	2008 Number of Stapled Securities	2009 Number of Units	2008 Number of Units
Stapled securities on issue:				
Balance at the beginning of the period	85,813,747	90,660,614	85,813,747	90,660,614
Vesting of performance rights	61,826	–	61,826	–
Securities issued under Dividend Reinvestment Plan	1,816,446	–	1,816,446	–
Stapled securities cancelled upon on-market security buyback program	–	(4,846,867)	–	(4,846,867)
Balance at the end of the period	**87,692,019**	**85,813,747**	**87,692,019**	**85,813,747**

Stapled securities

Each stapled security comprises one share in the Company and one unit in the Trust. They cannot be traded or dealt with separately. Stapled securities entitle the holder to participate in dividends/distributions and the proceeds on any winding up of ALE in proportion to the number of and amounts paid on the securities held. On a show of hands every holder of stapled securities present at a meeting in person or by proxy, is entitled to one vote. On a poll each ordinary shareholder is entitled to one vote for each fully paid share and each unit holder is entitled to one vote for each fully paid unit.

No income voting units (NIVUS)

The Trust issued 9,080,010 of no income voting units (NIVUS) to the Company fully paid at $1.00 each in November 2003. The NIVUS are not stapled to shares in the Company, have an issue and withdrawal price of $1.00, carry no rights to income from the Trust and entitle the holder to no more than $1.00 per NIVUS upon the winding-up of the Trust. The Company has a voting power of 9.38% in the Trust as a result of the issue of NIVUS. The NIVUS are disclosed in the Company and the Trust financial reports but are not disclosed in the ALE Property Group financial report as they are eliminated on consolidation.

On market stapled security buyback

On 2 May 2007 the company announced its intention to buyback up to 9,080,010 stapled securities on-market. During the financial year ended 30 June 2008 the company purchased and cancelled 4,846,867 stapled securities. Contributed equity was reduced by the total cost of $19,823,000. The security buyback concluded in May 2008.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NOTE 28 RETAINED PROFITS				
Balance at the beginning of the year	203,318	225,680	(23,008)	(12,972)
Profit attributable to stapled security holders	27,364	6,537	26,153	18,863
Transfer from Share based payments reserve	148	–	–	–
Total available for appropriation	230,830	232,217	3,145	5,891
Distributions provided for or paid during the year	(26,153)	(28,899)	(26,153)	(28,899)
Balance at the end of the year	**204,677**	**203,318**	**(23,008)**	**(23,008)**

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
NOTE 29 SHARE BASED PAYMENTS RESERVE				
Balance at the beginning of the year	221	–	–	–
Employee share based payments	157	221	–	–
Transfer to Retained Profits on lapsing of Performance Rights	(148)	–	–	–
Vesting of performance rights	(146)	–	–	–
	84	**221**	**–**	**–**

Share based payments are detailed further in Note 30.

NOTE 30 SHARE BASED PAYMENTS

During 2007 ALE established a Performance Rights Plan that entitles key management personnel, subject to performance, to become entitled to acquire stapled securities at nil cost to the employee. On 12 December 2007 and 30 June 2008 grants of performance rights (PR) were made to Mr Wilkinson and Mr Slade respectively. In accordance with the plan the performance rights vest upon performance hurdles being achieved. The securities issued under the plan are issued at nil cost to the employee.

The terms and conditions of the grants are as follows;

Employee entitled	Grant date	Number of PRs	Vesting conditions	Contractual Life of PRs
Mr A F O Wilkinson	12-Dec-07	90,516	1. Service period 2. Total shareholder Return (TSR) compared to comparative group 3. Absolute TSR	1 June 2009
Mr A J Slade	30-Jun-08 1-Jul-08	15,552 30,206	1. Service period 2. Total shareholder Return (TSR) compared to comparative group 3. Absolute TSR	30 June 2010 30 June 2011

The vesting conditions for Mr Wilkinson's performance rights were tested on 1 June 2009.

The vesting conditions for Mr Slade's performance rights are tested annually soon after 30 June each year. One third of the number of performance rights issued are tested at each 30 June over a three year period.

The number and weighted average fair values of the performance rights on issue are as follows:

	Number of performance rights 2009	**Weighted average fair value 2009**	Number of performance rights 2008	Weighted average fair value 2008
Outstanding at 1 July	106,068	3.03	–	–
Granted during period	30,206	1.67	106,068	3.03
Vested during year	(61,826)	2.29		
Lapsed during year	(33,435)	2.29	–	–
Outstanding at 30 June	41,013	1.87	106,068	3.03

The performance rights outstanding at 30 June 2009 and 30 June 2008 will be issued at nil cost to the employee if and when they vest.

The performance rights value is the assessed fair value at grant date of the performance rights, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model. This technique takes into account factors such as the exercise price, the term of the performance rights, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance rights, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term of the performance rights.

NOTE 31 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of ALE Property Group comprising Australian Leisure and Entertainment Property Trust and its controlled entities during the financial year:

Name	Type	Appointed
P H Warne (Chairman)	Non-executive	8 September 2003
J P Henderson	Non-executive	19 August 2003
H I Wright	Non-executive	8 September 2003
A F O Wilkinson (Managing Director)	Executive	16 November 2003
J T McNally	Executive	26 June 2003

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of ALE, directly or indirectly, during the year:

Name	Title
Andrew Slade	Investment and Capital Manager
Brendan Howell	Company Secretary and Compliance Officer
Michael Clarke	Finance Manager

(c) Compensation for key management

The following table sets out the compensation for key management personnel in aggregate. Refer to the remuneration report in the Directors' Report for details of the remuneration policy and compensation details by individual.

	Consolidated	
	2009 $	2008 $
Short term employee benefits	1,151,267	1,233,449
Post employment benefits	56,932	68,552
Share based payments	157,094	221,076
	1,365,293	**1,523,077**

ALE has taken advantage of the relief provided by Corporations Regulation CR2M.6.04 and has transferred the detailed remuneration disclosures to section 9 of the Directors' Report.

NOTE 32 REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2009 $	2008 $	**2009 $**	2008 $
Audit services				
KPMG Australian firm:				
Audit and review of the financial reports of the Group and other audit work under the Corporations Act 2001				
– in relation to current year	140,359	125,241	–	–
– in relation to prior year	30,000	–	–	–
Total remuneration for audit services	**170,359**	**125,241**	**–**	**–**
PricewatehouseCoopers Australian firm:				
Audit and review of the financial reports of the Group and other audit work under the Corporations Act 2001				
– in relation to current year	–	–	–	–
– in relation to prior year	–	25,171	–	–
Total remuneration for audit services	**–**	**25,171**	**–**	**–**
Total remuneration for audit services	**170,359**	**150,412**	**–**	**–**
Taxation services				
PricewatehouseCoopers Australian firm:				
Tax compliance services	19,990	21,700	–	–
Tax consulting services	26,540	72,900	–	–
Total taxation services	**46,530**	**94,600**	**–**	**–**

NOTE 33 RELATED PARTY TRANSACTIONS

(a) Parent entity, subsidiaries and associates
Details are set out in Note 36.

(b) Key management personnel
Key management personnel and their compensation is set out in Note 31 and section 9 of the Director's Report.

(c) Transactions with related parties
For the year ended 30 June 2009 the Company charged the Trust $3,205,958 in management fees (2008: $2,874,891) and the Finance Company charged the Sub Trust $26,348,861 in interest (2008: $23,048,827).

Peter Warne is also a director of Next Financial Limited (Next Financial) which acts as an Investment Manager. At 30 June 2009 Next Financial held on behalf of its clients (other than Peter Warne) 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 in ALE Property Group that are held by Next Financial for its clients. 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.

(d) Terms and conditions
All related party transactions are conducted on normal commercial terms and conditions.

Outstanding balances are unsecured and are repayable in cash and callable on demand.

NOTE 34 COMMITMENTS

(a) Capital commitments
The Directors are not aware of any capital commitments as at the date of this report.

(b) Lease commitments
The Company has entered into a non-cancellable operating lease for its office premises at Level 7, 1 O'Connell Street, Sydney. The Company has also entered into a non-cancellable operating lease for office equipment. The minimum net lease commitments under these leases are:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	114	111	–	–
Later than one year but not later than five years	55	166	–	–
Later than five years	–	–	–	–
	169	**277**	**–**	**–**

NOTE 35 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Put and call options
For each of the investment properties, at the end of the initial lease term of 25 years (2028 for most of the portfolio), and at the end of each further term (four lots of 10 year terms), there is a call option for the landlord (or its nominee) and a put option for the tenant to require the landlord (or its nominee) to buy plant, equipment, goodwill, inventory, all then current consents, licences, permits, certificates, authorities or other approvals, together with any liquor licence, held by the tenant in relation to the premises. The gaming licence is to be included or excluded at the tenant's option. These assets are to be purchased at current value as determined by the valuation methodology set out in the lease. The landlord must pay the purchase price on expiry of the lease.

Bank guarantee
The Company has entered into a bank guarantee of $58,135 in respect of its office tenancy at Level 7, 1 O'Connell Street, Sydney.

NOTE 36 INVESTMENTS IN CONTROLLED ENTITIES

The Trust owns 100% of the issued equity of the Sub Trust. The Sub Trust owns 100% of the issued equity of the Finance Company. The Trust owns none of the issued equity of the Company, but is deemed to be its "acquirer" under AIFRS.

In addition, the Trust owns 100% of the issued equity of ALE Direct Property Trust No.2 which in turns owns 100% of the issued equity of ALE Finance Company No.2 Pty Limited. Both of these trust subsidiaries are dormant.

NOTE 37 SEGMENT INFORMATION

Business segment
ALE operates solely in the property investment and property funds management industry and has no business segmentation.

Geographical segment
ALE owns property solely within Australia.

NOTE 38 EVENTS OCCURRING AFTER REPORTING DATE

On 16 June 2009 ALE exchanged an unconditional contract for the sale of the Kirribilli Hotel for $7.83 million, the settlement of which occurred on 28 July 2009. On 16 June 2009 ALE exchanged an unconditional contract for the sale of the Pymble Hotel for $3.91 million, the settlement of which is to occur on 14 August 2009. On 24 June 2009 ALE exchanged unconditional contracts for the sale of on the Elsternwick Hotel ($6.225 million), the Rifle Club Hotel ($5.02 million) and the Rose, Shamrock and Thistle Hotel ($4.81 million), the settlement of which is to occur on 24 August 2009.

On 5 August 2009 ALE announced that it would raise approximately $100 million additional equity by a share placement and a renounceable rights issue. The rights issue is fully underwritten and will be concluded by 10 September 2009.

Other than the matters listed above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 39 FINANCIAL INSTRUMENTS

(a) Credit risk

ALE's major credit risk is the risk that the tenant will fail to perform its contractual obligations including honouring the terms of the lease agreements, either in whole or in part. Credit risk is monitored on a continuous basis to determine if the tenant has appropriate financial standing having regard to the various security arrangements that are in place.

A secondary credit risk for ALE exists in respect of the loans to Foster's Group Limited made by ALE under the conditional sale contracts of properties under development. Credit risk is monitored on a continuous basis to determine if Foster's Group Limited has appropriate financial standing having regard to the various security arrangements that are in place. During the current financial year all such loans have been repaid.

Credit risk on cash is managed through ensuring all cash deposits are held with major domestic banks.

The credit risk on financial assets of ALE which have been recognised in the Consolidated balance sheet is generally the carrying amount net of any provision for doubtful debts.

Exposure to credit risk

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Receivables[1]	29,078	1,906	–	–
Loans and deposits – investment properties	–	22,127	–	–
Cash and cash equivalents	35,905	8,527	56	2,100
	64,983	**32,560**	**56**	**2,100**

Impairment losses

The ageing of trade receivables at balance date was:

	2009		2008	
	Gross $'000	**Impairment $'000**	Gross $'000	Impairment $'000
Not past due	28,423	–	1,716	–
Past due 0-30 days	77	–	–	–
Past due 31-120 days	65	–	190	–
Past due 121-365 days	46	–	–	–
More than one year	467	–	–	–
	29,078	**–**	**1,906**	**–**

Based on historic default rates, ALE believes that no impairment allowances are necessary in respect of trade receivables as the receivables relate to tenants assessed by ALE as having good credit history.

1 Excluding wholly owned subsidiary entities of the parent.

NOTE 39 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The following are the contracted maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Consolidated **30 June 2009**	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than five years $'000
Non-derivative financial liabilities							
Trade and other payables	6,198	(6,198)	(6,198)	–	–	–	–
CIB	138,362	(296,946)	(2,380)	(2,414)	(4,939)	(15,725)	(271,488)
CMBS	244,557	(261,397)	(4,272)	(4,224)	(252,901)	–	–
ALE Notes	148,349	(177,928)	(5,494)	(5,404)	(10,897)	(156,133)	–
NAB Facility	54,794	(59,847)	(1,270)	(1,255)	(57,322)	–	–
Derivative financial instruments							
Interest rate swaps	(23,810)	44,828	4,928	1,614	5,315	26,785	6,186
CPI Hedge	21,150	(350,760)	(1,282)	(1,404)	(3,199)	(12,896)	(331,979)
	589,600	(1,108,248)	(15,968)	(13,087)	(323,943)	(157,969)	(597,281)

Consolidated 30 June 2008	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than five years $'000
Non-derivative financial liabilities							
Trade and other payables	7,870	(7,870)	(7,870)	–	–	–	–
CIB	132,492	(305,047)	(2,314)	(2,365)	(4,836)	(15,394)	(280,138)
CMBS	244,345	(306,956)	(9,828)	(9,668)	(19,495)	(267,965)	–
ALE Notes	146,252	(189,265)	(5,493)	(5,404)	(10,897)	(167,471)	–
NAB Facility	35,911	(69,580)	(2,517)	(2,486)	(4,994)	(59,583)	–
Current borrowings	8,450	(8,450)	(8,450)	–	–	–	–
Derivative financial instruments							
Interest rate swaps	(10,643)	12,051	1,509	1,606	2,947	5,303	686
CPI Hedge	5,481	(32,762)	5,248	5,160	9,865	27,896	(80,931)
	570,158	(907,879)	(29,715)	(13,157)	(27,410)	(477,214)	(360,383)

Parent Entity **30 June 2009**	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than five years $'000
Non-derivative financial liabilities							
Trade and other payables	2,780	(2,780)	(2,780)	–	–	–	–
ALE Notes	148,349	(177,928)	(5,494)	(5,404)	(10,897)	(156,133)	–
Derivative financial instruments							
Interest rate swaps		–	–	–	–	–	–
	151,129	(180,708)	(8,274)	(5,404)	(10,897)	(156,133)	–

Parent Entity 30 June 2008	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than five years $'000
Non-derivative financial liabilities							
Trade and other payables	2,784	(2,784)	(2,784)	–	–	–	–
ALE Notes	146,252	(189,265)	(5,493)	(5,404)	(10,897)	(167,471)	–
Derivative financial instruments							
Interest rate swaps	(1,371)	–	–	–	–	–	–
	147,665	(192,049)	(8,277)	(5,404)	(10,897)	(167,471)	–

Interest rates used to determine contractual cash flows

The interest rates used to determine the contractual cash flows, where applicable, are based on interest rates, including the relevant credit margin, applicable to the financial liabilities at balance date. The contractual cash flows have not been discounted. The inflation rates used to determine the contractual cash flows, where applicable, are based on inflation rates applicable at balance date.

NOTE 39 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Potential variability in future distributions arise predominantly from financial assets and liabilities bearing variable interest rates. For example, if financial liabilities exceed financial assets and interest rates rise, to the extent that interest rate derivatives (swaps) are not available to fully hedge the exposure, distribution levels would be expected to decline from the levels that they would otherwise have been.

ALE also has long term leased property assets and fixed interest rate liabilities that are currently intended to be held until maturity. The market value of these assets and liabilities are also expected to change as long term interest rates fluctuate. For example, as long term interest rates rise the market value of both property assets and fixed or hedged interest rate liabilities may fall (all other market variables remaining unchanged). These movements in property assets and fixed interest rate liabilities impact upon the net equity value of ALE.

Profile

At the reporting date the interest rate profile of ALE and the Parent Entity interest rate sensitive financial instruments (derivatives) was as follows:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Financial assets	39,839	19,064	–	458
Financial liabilities	(16,029)	(8,309)	–	(1,829)
	23,810	**10,755**	**–**	**(1,371)**

Sensitivity analysis

A change of 100 basis points in the prevailing nominal market interest rates at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular the CPI, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	**100 bps increase**	100 bps decrease
Consolidated				
30 June 2009				
Interest rate swaps	(3,584)	3,668	(3,584)	3,668
CPI hedges	24,200	(61,900)	24,200	(61,900)
	20,616	**(58,232)**	**20,616**	**(58,232)**
30 June 2008				
Interest rate swaps	1,785	(1,785)	1,785	(1,785)
CPI hedges	26,267	(30,013)	26,267	(30,013)
	28,052	**(31,798)**	**28,052**	**(31,798)**
Parent				
30 June 2009				
Interest rate swaps	–	–	–	–
	–	**–**	**–**	**–**
30 June 2008				
Interest rate swaps	(1,952)	1,461	(1,952)	1,461
	(1,952)	**1,461**	**(1,952)**	**1,461**

The impact on the Profit and Loss and Equity arising from a 100bps movement in interest rates is based on shifting the projected forward rates by 100bps at the reporting date, in order to determine the present value of future principal and interest cash flows.

NOTE 39 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Consumer price index risk

Potential variability in future distributions arise predominantly from financial assets and liabilities through movements in the consumer price index (CPI). For example, ALE's Investment properties are subject to annual rental increases based on movements in the CPI. This will in turn flow through to investment property valuations. ALE's CPI Hedge liabilities are also impacted by movements in the CPI.

Profile

At the reporting date the Consumer Price Index profile of the Group's consumer price index sensitive financial instruments was as follows:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Financial instruments				
Investment properties	804,765	820,270	–	–
CPI Hedge – fair value of derivative	20,830	112	–	–
CPI Hedge – accumulating indexation	(21,150)	(5,593)		
CIB	(138,362)	(132,492)	–	–
	666,083	**682,297**	**–**	**–**

Sensitivity analysis for variable rate instruments

A change of 100 bps in CPI at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular the interest rates and capitalisation rates applicable to investment properties, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	**100 bps increase**	100 bps decrease
30 June 2009				
Investment properties	8,233	(7,866)	8,233	(7,866)
CPI Hedge – fair value of derivative	(59,500)	23,300	59,500	23,300
CPI Hedge – capitalised interest	–	–	–	–
CIB	–	–	–	–
	(51,267)	**15,434**	**(51,267)**	**15,434**
30 June 2008				
Investment properties	8,230	(8,400)	8,230	(8,400)
CPI Hedge – fair value of derivative	(27,116)	24,070	(27,116)	24,070
CPI Hedge – capitalised interest	–	–	–	–
CIB	–	–	–	–
	(18,886)	**15,670**	**(18,886)**	**15,670**

Investment properties have been included in the sensitivity analysis as, although they are not financial instruments, the long term CPI linked leases attaching to the investment properties are similar in nature to financial instruments.

There is no impact on the Profit and Loss or Equity arising from a 100 bps movement in CPI at the reporting date on the CIB or CPI Hedge – capitalised interest, as the terms of these instruments use CPI rates for the quarters ending the preceding March and December to determine their values at 30 June.

NOTE 39 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Consolidated				
Cash and cash equivalents	35,905	35,905	8,527	8,527
Receivables	29,078	29,078	1,906	1,906
Derivatives	23,810	23,810	10,755	10,755
Loans and deposits – investment properties	–	–	22,127	22,127
Other assets	82	82	564	564
Trade and other payables	(6,198)	(6,198)	(7,870)	(7,870)
CIB	(138,362)	(117,094)	(132,492)	(133,587)
CMBS	(244,557)	(229,620)	(244,345)	(245,000)
ALE Notes	(148,349)	(138,375)	(146,252)	(135,000)
NAB Facility	(54,794)	(55,000)	(35,911)	(36,000)
Current borrowings	–	–	(8,450)	(8,450)
	(503,385)	**(457,412)**	**(531,441)**	**(522,028)**

Parent Entity

	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Cash and cash equivalents	56	56	2,100	2,100
Receivables	25,577	25,577	19,883	19,883
Derivatives	–	–	(1,371)	(1,371)
Trade and other payables	(2,780)	(2,780)	(2,784)	(2,784)
ALE Notes	(148,349)	(138,375)	(146,252)	(135,000)
	(125,496)	**(115,522)**	**(128,424)**	**(117,172)**

Basis for determining fair values

The basis for determining fair values is disclosed in Note 4. The ALE Notes are a traded debt security on the Australian Securities Exchange. The fair value disclosed above reflects the market value of the ALE Notes at balance date.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes and the remuneration disclosures that are contained in section 9 of the Directors' Report, set out on pages 15 to 48 are in accordance with the *Corporations Act 2001* including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the remuneration disclosures that are contained in the Remuneration Report set out in section 9 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001.

The Directors have been given the declarations by the Managing Director and the Finance Manager and Company Secretary as required by section 295A of the *Corporations Act 2001* for the year ended 30 June 2009.

This declaration is made in accordance with a resolution of the Directors.

Peter H Warne
Director

Sydney

Dated this 5th day of August 2009

INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITY HOLDERS OF ALE PROPERTY GROUP

Report on the financial report

We have audited the accompanying financial report of ALE Property Group, which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 39 and the directors' declaration set out on pages 15 to 49. The financial report of ALE Property Group comprises the financial statements of the Australian Leisure and Entertainment Property Trust ("the Trust") and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Australian Leisure and Entertainment Property Management Limited, the Responsible Entity of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Trust's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report presents fairly in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Trust's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in section 9 on pages 7 to 12 of the directors' report for the year ended 30 June 2009. The directors of Australian Leisure and Entertainment Property Management Limited are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of ALE Property Group for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Steve Gatt
Partner

Sydney

5 August 2009

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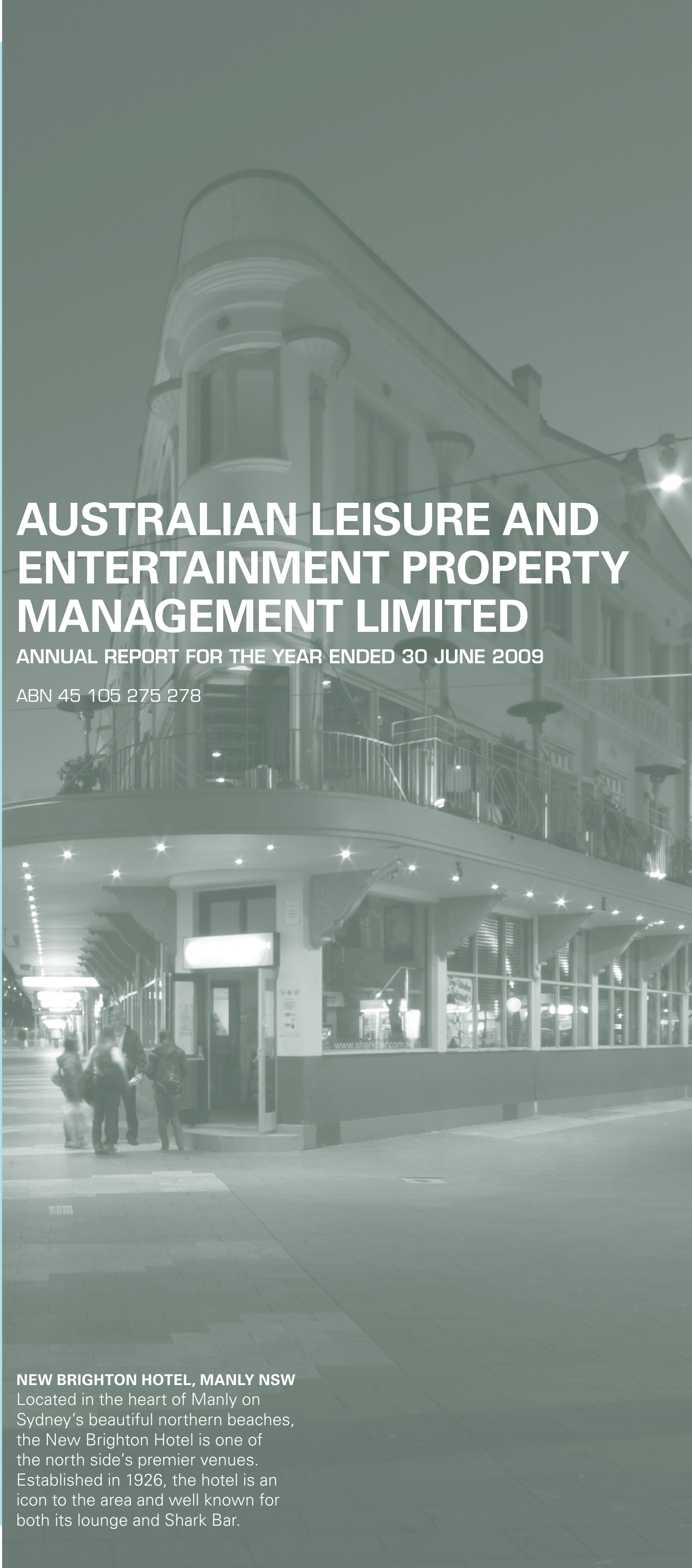

AUSTRALIAN LEISURE AND ENTERTAINMENT PROPERTY MANAGEMENT LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

ABN 45 105 275 278

NEW BRIGHTON HOTEL, MANLY NSW
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.

The Directors of Australian Leisure and Entertainment Property Management Limited (the "Company") present their report for the year ended 30 June 2009.

The registered office and principal place of business of the Company is:

Level 7
1 O'Connell Street
Sydney 2000

1. DIRECTORS

The following persons were directors of the Company during the whole of the year and up to the date of this report unless otherwise stated:

Name	Type	Appointed
P H Warne (Chairman)	Independent non-executive	8 September 2003
J P Henderson	Independent non-executive	19 August 2003
H I Wright	Independent non-executive	8 September 2003
A F O Wilkinson (Managing Director)	Executive	16 November 2004
J T McNally	Executive	26 June 2003

2. PRINCIPAL ACTIVITIES

During the year the principal activities of the Company consisted of property funds management and acting as responsible entity for the Australian Leisure and Entertainment Property Trust (the "Trust"). There has been no significant change in the nature of these activities during the year.

3. DIVIDENDS

No provisions for or payments of Company dividends have been made during the year (2008: nil).

4. REVIEW OF OPERATIONS

A summary of the revenue and results for the year is set out below:

	30 June 2009 $	30 June 2008 $
Revenue		
Management fees	3,205,958	2,874,891
Interest income	48,985	35,070
Total revenue	**3,254,943**	**2,909,961**
Other income	**–**	**–**
Total income	**3,254,943**	**2,909,961**
Expenses		
Salaries, fees and related costs	1,544,123	1,616,506
Acquisition proposal due diligence	–	9,576
Other expenses	1,784,465	1,254,908
Total expenses	**3,328,588**	**2,880,990**
Profit/(loss) before income tax	**(73,645)**	**28,971**
Income tax expense/(benefit)	18,302	77,161
Profit/(loss) attributable to the shareholders of the Company	**(91,947)**	**(48,190)**

	Cents	Cents
Basic and diluted earnings per share	(1.06)	(0.56)
Dividend per share for the year	–	–
Net assets per share	8.85	8.88

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the year.

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 5 August 2009 ALE announced that it would raise approximately $100 million additional equity by a share placement and a renounceable rights issue. The rights issue is fully underwritten and will be concluded by 10 September 2009.

Other than the matter disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to maintain its defined strategy of identifying opportunities to increase the profitability of the Company and its value to its shareholders.

The Directors are not aware of any future developments likely to significantly affect the operations and/or results of the Company.

8. INFORMATION ON DIRECTORS

Mr Peter Warne B.A, Chairman and Non-executive Director.

Experience and expertise
Peter was appointed as Chairman and 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 three other listed entities being ASX Limited, Macquarie Bank 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.

Mr John Henderson B.Bldg, MRICS, AAPI, Non-executive Director.

Experience and expertise
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.

Ms Helen Wright LL.B, MAICD, Non-executive Director.

Experience and expertise
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 University of NSW, and in 1994 completed the Advanced Management Program at the Harvard Graduate School of Business.

Mr Andrew Wilkinson B. Bus. CFTP, Managing Director.

Experience and expertise
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.

Mr James McNally B.Bus (Land Economy), Dip. Law, Executive Director.

Experience and expertise
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.

Brendan Howell B.Econ, G.Dip App Fin (Sec Inst), Company Secretary.

Experience and expertise
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 year 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 ten 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.

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

Mr David Lawler B.Bus, CPA, Independent ACRMC Member.

Experience and expertise
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.

Directorships of listed companies within the last three years

The following Director held directorships of other listed entities within the last three years and from the date appointed up to the date of this report unless otherwise stated:

Director	Directorships of listed entities	Type	Appointed	Resigned
P H Warne	ASX Limited	Non-executive	July 2006	
P H Warne	WHK Group Limited	Non-executive	May 2007	
P H Warne	Macquarie Group Limited	Non-executive	July 2007	
P H Warne	TEYS Limited	Non-executive	October 2007	June 2009

Special responsibilities of Directors
The following are the special responsibilities of each Director:

Director	Special responsibilities
P H Warne	Chairman of the Board. Member of the Audit, Compliance and Risk Management Committee (ACRMC). Chair of the Remuneration Committee.
J P Henderson	Member of the ACRMC. Member of the Remuneration Committee.
H I Wright	Chair of the ACRMC. Member of the Remuneration Committee.
A F O Wilkinson	Chief Executive Officer and Managing Director of the Company. Responsible Officer of the Company under the Company's Australian Financial Services Licence (AFSL).
J T McNally	Responsible Officer of the Company under the Company's AFSL.

Directors' and key management personnel interests in stapled securities and options
The following Directors, key management personnel and their associates hold the following stapled security interests in the Company:

Name	Role	Number held at the start of the year	Net Movement	Number held at 30 June 2009
P H Warne	Non-executive Director	740,000	50,000	790,000
J P Henderson	Non-executive Director	189,000	50,910	239,910
H I Wright	Non-executive Director	100,000	30,000	130,000
A F O Wilkinson	Executive Director	377,650	(231,338)	146,312
A J Slade	Investment and Capital Manager	12,000	3,164	15,164
M J Clarke	Finance Manager	1,500	1,113	2,613

The following key management personnel currently hold performance rights over stapled securities in ALE:

Name	Role	Number held at the start of the year	Conversion/ Sales/ Purchases/Lapsed	Number held at 30 June 2009
A F O Wilkinson	Executive Director	90,516	(90,516)	–
A J Slade	Investment and Capital Manager	15,552	16,183	31,735

Meetings of Directors
The numbers of meetings of the Company's Board of Directors held and of each board committee during the year ended 30 June 2009 and the number of meetings attended by each Director at the time the Director held office during the year were:

Director	Board Meetings		Management Committee meetings		Remuneration Committee meetings	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
P H Warne	10	10	7	7	3	3
J P Henderson	10	10	7	7	3	3
H I Wright	10	10	7	7	3	3
A F O Wilkinson	10	10	n/a	n/a	n/a	n/a
J T McNally	10	10	n/a	n/a	n/a	n/a
Member of Audit, Compliance and Risk Management Committee						
D J Lawler	n/a	n/a	7	6	n/a	n/a

1 "Held" reflects the number of meetings which the Director or member was eligible to attend.

9. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

9.1 Principles used to determine the nature and amount of remuneration

9.2 Details of remuneration

9.3 Service agreements

9.4 Equity-based compensation

The information provided under these headings includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

9.1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objectives of ALE's executive reward framework are to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and creation of value for stapled security holders, and conforms with market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to stapled security holders
- performance linkage/alignment of executive compensation with outcomes for security holders
- transparency

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

9.1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONTINUED)

Alignment to stapled security holders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in stapled security holder wealth, consisting of distributions, dividends and growth in stapled security price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives
- capital management.

Alignment to employee' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in stapled security holders' wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay and a blend of short and long-term incentives. As executives gain seniority within the Company, the balance of this mix shifts to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's role.

The overall level of executive reward takes into account the performance of ALE over a number of periods with greater emphasis given to the current year. Over the five years ended 30 June 2009 the total return on ALE's stapled securities (inclusive of distribution returns) was 21.1%.(2008: n/a)

9.1.1 Non-executive Directors

Fees and payments to non-executive directors reflect the demands which are made on and the responsibilities of the Directors. Non-executive directors' fees and payments were last reviewed in 2007, the first review since 2003. The Board may obtain the advice of independent remuneration consultants to ensure that non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently from the fees of the other non-executive directors, based on comparative roles in the external market. The Chairman is not present at any discussion relating to the determination of his own remuneration. Non-executive directors do not receive options over stapled securities.

9.1.2 Directors' fees

The current base remuneration was last reviewed with effect from July 2007. The Directors' fees are inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit which will be periodically recommended for approval by stapled security holders. The maximum currently stands at $475,000 per annum, comprised of $385,000 per annum for non-executive directors and $90,000 per annum for the executive director (inclusive of a responsible officer fee of $5,000 per annum) and excluding the Managing Director's remuneration. The maximum amount for non-executive directors can only be increased at a general meeting of the Company.

9.1.3 Retirement allowances for Directors

No retirement allowances for directors are offered by the Company in line with guidance on non-executive directors' remuneration.

9.1.4 Executive pay

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:
- base pay and benefits
- short-term performance incentives
- long-term incentives

9.1.5 Base pay and benefits

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-cash benefits at the discretion of the executives and the Board.

Executives are offered a competitive base pay that comprises the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay for senior executives is reviewed annually to ensure that executive pay is competitive with the market. Executive pay is also reviewed on promotion.

There is no guaranteed base pay increase in any executive contract.

9.1.6 Short-term incentives (STI)

The short-term incentive arrangements in place at the Company have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators (KPIs) including the financial performance of the Company during the year in question.

Each executive has a target STI opportunity depending on the accountabilities of the role and the impact on the performance of the Company.

Each year the remuneration committee considers the appropriate targets and KPIs to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan and minimum levels of performance to trigger payments of STI.

9.1.6 Short-term incentives (STI) (continued)
For the year ended 30 June 2009, the KPIs linked to STI plans were based on Company, business and personal objectives. The KPIs required performance in seeking value accretive acquisitions, managing operating and funding costs, compliance with legislative requirements, risk and capital management, increasing security holder value as well as other key strategic non-financial measures linked to drivers of performance in future economic periods.

The Board is responsible for assessing whether the KPIs have been met. To facilitate this assessment, the Board receives detailed reports on performance from management.

The STI payments may be adjusted up or down in line with over or under achievement against the target performance levels. This is at the discretion of the Board.

The STI target annual payment is reviewed annually.

9.1.7 Long-term incentives (LTI)
Performance Rights over unissued stapled securities have been granted to Mr Wilkinson and Mr Slade. Mr Wilkinson had the right to receive up to 90,516 stapled securities at a nil cost exercisable from 1 June 2009 . Mr Slade has the right to receive up to 39,468 stapled securities at a nil cost exercisable progressively from 30 June 2009 or earlier, if employment is a terminated after a change of control in the company.

The Performance Rights provide the opportunity to receive fully paid stapled securities for nil cost. The receipt of stapled securities is contingent on achieving specific performance hurdles over a specified performance period. The performance hurdles are as follows;

- A Total Shareholder Return (TSR) performance hurdle where ALE's TSR is ranked against a comparative group consisting of companies classified as Real Estate Investment Trusts in the S&P/ASX 300 Index.
- A Total Shareholder Return (TSR) performance hurdle based on ALE's absolute TSR.
- A service period retention hurdle, whereby the employee must be employed by ALE at the vesting date for the Performance Rights to vest.

Mr Wilkinson's performance hurdles were independantly assessed following the end of the performance period on 1 June 2009. Subsequently on 23 June 2009 58,662 shares were issued to Mr WIlkinson. The remaining performance rights did not vest and have lapsed.

Mr Slade's performance hurdles for the performance rights applicable to the period ending on 30 June 2009 were independantly assessed by external consultants. Subsequent to this assessment on 20 November 2008 3,164 securities were issued to Mr Slade. The remaining performance rights applicable to this performance period did not vest and have lapsed.

In the May 2009 Federal Budget changes were made to the taxation treatment of employee share schemes which have adverse impacts on the operation of such plans. Subsequent announcement by the Federal Government have altered the initial scope of the proposed legislation. Pending the release of final legislation the operation of the ALE Executive Performance Rights Plan has been suspended. Following the release of the taxation legislation the operation of the plan will be re-evaluated.

9.2 DETAILS OF REMUNERATION

9.2.1 Amount of remuneration
Details of the remuneration of the key management personnel for the current year and for the comparative year are set out below in tables 1 and 2. The cash bonuses were dependent on the satisfaction of performance conditions as set out in the section headed "Short-term incentives", above. All other elements of remuneration were not directly related to performance.

Table 1 Remuneration details 1 July 2008 to 30 June 2009
Details of the remuneration of the Key Management Personnel for the year ended 30 June 2009 are set out in the following table:

Key management personnel		Short term employee benefits			Post employment benefits	Equity based payment	
Name	Role	Salary & Fees $	STI Bonus $	Non-Monetary $	Superannuation $	Performance Rights $	Total $
P H Warne	Non-executive Director	137,615	–	–	12,385	–	150,000
J P Henderson	Non-executive Director	85,000	–	–	–	–	85,000
H I Wright	Non-executive Director	77,982	–	–	7,018	–	85,000
A F O Wilkinson	Executive Director	306,280	32,000	–	13,745	107,094	459,119
J T McNally	Executive Director	90,000	–	–	–	–	90,000
B R Howell	Company Secretary	90,000	–	–	–	–	90,000
A J Slade	Investment and Capital Manager	163,229	25,000	–	13,745	50,000	251,974
M J Clarke	Finance Manager	109,881	25,000	9,280	10,039	–	154,200
		1,059,987	82,000	9,280	56,932	157,094	1,365,293

9.2 DETAILS OF REMUNERATION (CONTINUED)

Table 2 Remuneration details 1 July 2007 to 30 June 2008

Details of the remuneration of the Key Management Personnel for the year ended 30 June 2008 are set out in the following table:

Key management personnel		Short term employee benefits			Post employment benefits	Equity based payment	
Name	Role	Salary & Fees $	STI Bonus $	Non-Monetary $	Superannuation $	Performance[1] Rights $	Total $
P H Warne	Non-executive Director	137,615	–	–	12,385	–	150,000
J P Henderson	Non-executive Director	85,000	–	–	–	–	85,000
H I Wright	Non-executive Director	77,982	–	–	7,018	–	85,000
A F O Wilkinson	Executive Director	297,741	120,000	–	13,092	181,076	611,909
J T McNally	Executive Director	90,000	–	–	–	–	90,000
B R Howell	Company Secretary	90,000	–	–	–	–	90,000
A J Slade	Investment and Capital Manager	155,575	75,000	–	13,092	40,000	283,667
M J Clarke	Finance Manager	79,536	25,000	–	22,965	–	127,501
		1,013,449	220,000	–	68,552	221,076	1,523,077

1–The equity based payments expense for Mr Wilkinson's Performance Rights covers the period November 2006 to June 2008

9.2.2 Cash bonuses

For each cash bonus included in the above tables, the percentage of the available bonus that was awarded for the year and the percentage that was forfeited because a person did not meet the performance criteria is set out below.

	Paid		Forfeited	
Name	**2009 %**	2008 %	**2009 %**	2008 %
A F O Wilkinson	40	160	60%	–
A J Slade	50	150	50%	–
M J Clarke	100	100	–	–

9.2.3 Equity Instruments

All performance rights refer to performance rights over stapled securities of the ALE Property Group, which vested on a one for one basis under the ALE Property Group Executive Performance Rights Plan.

9.2.3.1 Performance rights over equity instruments granted as compensation

Details of performance rights over stapled securities that were granted as compensation during the year and details of performance rights that vested during the financial period are as follows;

Executive	Number of PR Issued	Grant Date	Performance period start date	Fair value of PR at Grant Date ($)	Expiry Date	Number of PR Vested during 2009	Number of Stapled Securities Issued[1]
A F O Wilkinson	90,516	12 Dec 2007	06 Nov 2006	3.11	01 Jun 2009	58,662	58,662
A J Slade	15,552	30 Jun 2008	01 Jul 2007	2.57	30 Jun 2010	3,164	3,164
A J Slade	30,206	01 Jul 2008	01 Jul 2008	1.67	30 Jun 2011	–	–

1 Stapled Securities were issued at nil cost to the employee

9.2.3.2 Modification of terms of equity settled share based payment transactions

No terms of equity settled share based payment transactions (including options and rights granted as compensation to key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

9.2 DETAILS OF REMUNERATION (CONTINUED)

9.2.3.4 Analysis of performance rights over equity instruments granted as compensation

Details of the vesting profiles of performance rights granted as remuneration are detailed below.

Executive	Number	Date	% vested in year	% forfeited in year[a]	Financial year in which grant vests
A F O Wilkinson	90,516	12-Dec-07	64.8%	35.2%	1-Jul-08
A J Slade	4,745	30-Jun-08	66.7%	33.3%	1-Jul-08
	5,270	30-Jun-08	–%	–%	1-Jul-09
	5,537	30-Jun-08	–%	–%	1-Jul-10
	9,320	1-Jul-08	–%	–%	1-Jul-09
	9,921	1-Jul-08	–%	–%	1-Jul-10
	10,965	1-Jul-08	–%	–%	1-Jul-11

(a) The % forfeited in the year represents the reduction from the maximum number of performance rights available to vest due to performance criteria not being achieved.

9.2.3.5 Analysis of movements in performance rights

The movement during the reporting period, by value of options over stapled securities in the Group is detailed below.

Executive	Granted in Year $[a]	Vested in Year $[b]	Lapsed in Year $[c]
A F O Wilkinson	–	140,202	76,131
A J Slade	50,000	6,613	3,304

(a) The value of performance rights granted during the year is the assessed fair value at grant date of performance rights granted, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model.

(b) The value of performance rights vested in the year is calculated as the market price of the stapled securities of ALE Property Group as at the close of trading on the day the performance rights vested.

(c) The value of performance rights lapsed in the year is calculated as the market price of the stapled securities of ALE Property Group as at the close of trading on the day the performance rights lapsed.

9.3 SERVICE AGREEMENTS

On 30 June 2009, the Company agreed principle terms of a service agreement with Managing Director, Mr Wilkinson relating to the period starting June 2009 and ending on 1 June 2011. The agreement stipulates the minimum base salary, inclusive of superannuation, for each year as being $320,000 for Mr Wilkinson, to be reviewed annually each 31 December by the Board. A short-term incentive (which if earned, would be paid as a cash bonus shortly after June each year) and a long-term incentive of $80,000 per annum, the terms of which will be decided once proposed Federal Government amendments to the taxation treatment of share based plans have been enacted.

In the event of the termination of Mr Wilkinson's employment contract and depending on the reason for the termination, amounts may be payable for unpaid accrued entitlements and a proportion of bonus entitlements as at the date of termination. In the event of redundancy termination amounts are payable for base salary, inclusive of superannuation and bonus and long term incentive entitlements for the balance of the contract.

Any Stapled Securities that Mr Wilkinson becomes entitled to receive on 1 June 2011 will be provided to Mr Wilkinson two years later on (1 June 2013) provided that, in the reasonable opinion of the Board, Mr Wilkinson has not engaged in any conduct or has committed any act which:

(i) results in ALE having to make any material financial restatement;

(ii) causes ALE to incur a material financial loss; or

(iii) causes any significant harm to ALE and/or its businesses.

At the annual general meeting of the Company to be held on 4 November 2009, the terms of Mr Wilkinson's new remuneration will be put to a shareholder vote. The terms will be advised to the market upon final agreement but no later than the date the Notice of Meeting is mailed to shareholders.

The employment contracts of Mr Slade and Mr Clarke may be terminated at any time with one month's notice.

There are no other director or executive service agreements.

Letters of appointment have been entered into by each director (excluding the Managing Director) confirming their remuneration and obligations under the Corporations Law and Company constitution.

A letter of appointment has been entered into with MIA Services Pty Limited for the use of the services of Brendan Howell as Company Secretary and as Compliance Officer of the Company on a continuous basis that may be terminated at any time with one month's notice.

9.4 EQUITY BASED COMPENSATION

The performance rights value disclosed above as part of specified executive remuneration is the assessed fair value at grant date of performance rights granted, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model. This technique takes into account factors such as the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term of the performance right.

10. STAPLED SECURITIES UNDER OPTION

The following performance rights over unissued stapled securities of ALE were granted during or since the end of the year.

Executive	Number of PR Issued	Grant Date
A J Slade	30,206	01 Jul 2008

11. STAPLED SECURITIES ISSUED ON THE EXERCISE OF OPTIONS

The following stapled securities were issued on the exercise of performance rights during the financial year.

Executive	Number of Stapled Securities Issued
A F O Wilkinson	58,662
A J Slade	3,164

12. INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $25,200 (2008: $24,615) to insure the Directors and officers of the Company. The auditors of the Company are in no way indemnified out of the assets of the Company.

Under the constitution of the Company, current or former Directors and secretaries are indemnified to the full extent permitted by law for liabilities incurred by that person in the discharge of their duties. The constitution provides that the Company will meet the legal costs of that person. This indemnity is subject to certain limitations.

13. ENVIRONMENTAL REGULATION

Whilst the Company is not subject to significant environmental regulation in respect of its property activities, the directors are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches of these requirements. At three properties, ongoing monitoring is being undertaken and further work is required, however, the Company is indemnified by third parties against any remediation costs likely to be required.

14. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The board of directors has considered the position and in accordance with the advice received from the ACRMC is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– all non-audit services have been reviewed by the ACRMC to ensure that they do not impact the impartiality and objectivity of the auditor
– none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risk and rewards.

Details of amounts paid or payable to the auditor (KPMG) for audit and non-audit services provided during the year are set out below:

	30 June 2009 $	30 June 2008 $
Audit services		
KPMG Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work required under the *Corporations Act 2001*		
– in relation to current year	140,359	125,241
– in relation to prior year	30,000	–
Total remuneration for audit services	**170,359**	**125,241**
PricewatehouseCoopers Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work required under the *Corporations Act 2001*		
– in relation to current year	–	–
– in relation to prior year	–	25,171
Total remuneration for audit services	**–**	**25,171**
Total remuneration for audit services	**170,359**	**150,412**
Taxation services		
PricewatehouseCoopers Australian firm:		
Tax compliance services	19,990	21,700
Tax consulting services	26,540	72,900
Total taxation services	**46,530**	**94,600**

15. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 63.

This report is made in accordance with a resolution of the Directors.

Peter H Warne
Director

Sydney

Dated this 5th day of August 2009

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Australian Leisure and Entertainment Property Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Steve Gatt
Partner

Sydney

5 August 2009

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	30 June 2009 $	30 June 2008 $
Revenue			
Management fees	5	3,205,958	2,874,891
Interest income		48,985	35,070
Total revenue		**3,254,943**	**2,909,961**
Expenses			
Acquisition proposal due diligence	6	–	9,576
Annual report and annual review		102,091	52,753
Audit, accounting, tax and professional fees		209,889	197,397
Corporate advisory services		199,989	119,616
Depreciation expense and asset write-offs		53,364	53,247
Insurance		72,115	71,697
Legal fees		711,170	358,798
Occupancy costs		118,384	113,787
Other expenses		171,122	132,950
Registry fees		99,873	95,073
Salaries, fees and related costs		1,544,123	1,616,506
Staff training		24,592	36,420
Travel and accommodation		21,876	23,170
Total expenses		**3,328,588**	**2,880,990**
Profit/(loss) before income tax		**(73,645)**	**28,971**
Income tax expense/(benefit)	8	18,302	77,161
Profit/(loss) after income tax		**(91,947)**	**(48,190)**
Profit/(loss) attributable to the shareholders of the Company		**(91,947)**	**(48,190)**

		Cents	Cents
Basic and diluted earnings/(loss) per share		**(1.06)**	(0.56)
Dividends paid and payable per share		**–**	–

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	30 June 2009 $	30 June 2008 $
Current assets			
Cash and cash equivalents	9	237,211	102,319
Receivables	10	765,335	233,319
Prepayments and other assets		55,863	143,393
Current tax asset		1,182	1,182
Total current assets		**1,059,591**	**480,213**
Non-current assets			
Plant and equipment	11	85,207	111,235
Investment in related party	12	9,080,010	9,080,010
Deferred tax asset	13	380,510	398,444
Total non-current assets		**9,545,727**	**9,589,689**
Total assets		**10,605,318**	**10,069,902**
Current liabilities			
Payables	14	1,016,618	641,456
Provisions	15	21,386	37,094
Loan from related party	16	1,802,318	1,688,315
Total current liabilities		**2,840,322**	**2,366,865**
Non-current liabilities			
Deferred tax liability	17	550	182
Total non-current liabilities		**550**	**182**
Total liabilities		**2,840,872**	**2,367,047**
Net assets		**7,764,446**	**7,702,855**
Equity			
Contributed equity	18	8,813,743	8,670,927
Retained losses	19	(1,132,630)	(1,189,149)
Reserves	20	83,333	221,077
Total equity		**7,764,446**	**7,702,855**
		Cents	Cents
Net assets per share		**8.85**	8.88

The above balance sheet should be read in conjunction with the accompanying Notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	30 June 2009 $	30 June 2008 $
Total equity at the beginning of the year	**7,702,855**	**7,954,069**
Profit/(loss) for the year	(91,947)	(48,190)
Total recognised income and expenses for the year	**(91,947)**	**(48,190)**
Transactions with equity holders in their capacity as equity holders:		
Issue of shares under Dividend Re-investment Plan	162,199	–
Issue of units in ALE Property Trust under ALE Property Group Executive Performance Rights Plan	(140,755)	–
Costs of Dividend Reinvestment Plan	(25,000)	–
Shares cancelled under share buyback program	–	(424,101)
Employee share based payments expense	157,094	221,077
Total transactions with equity holders in their capacity as equity holders	**153,538**	**(203,024)**
Total equity at the end of the year	**7,764,446**	**7,702,855**

Total recognised income and expense for the year is attributable to members of the Company.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	**30 June 2009 $**	30 June 2008 $
Cash flows from operating activities			
Management fee received and expense reimbursements		6,439,579	6,012,641
Payments to suppliers and employees		(6,464,655)	(5,510,304)
Interest received – bank deposits and investment arrangements		44,487	35,070
Net cash inflow/(outflow) from operating activities	24	**19,411**	**537,407**
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		1,364	–
Payments for plant and equipment		(28,699)	(113,847)
Net cash (outflow) from investing activities		**(27,335)**	**(113,847)**
Cash flows from financing activities			
Share brought back under share buyback program		–	(424,101)
Shares issued		142,816	–
Net cash (outflow) from financing activities		**142,816**	**(424,101)**
Net increase/(decrease) in cash and cash equivalents held		**134,892**	**(541)**
Cash and cash equivalents at the beginning of the year		102,319	102,860
Cash and cash equivalents at the end of the year	9	**237,211**	**102,319**

The above statement of cash flows should be read in conjunction with the accompanying Notes.

NOTE 1 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

The stapled securities of ALE are quoted on the Australian Stock Exchange under the code LEP and comprise one unit in Australian Leisure and Entertainment Property Trust and one share in the Company. The unit and the share are stapled together under the terms of their respective constitutions and can not be traded separately. Each entity forming part of ALE is a separate legal entity in its own right under the Corporations Act 2001 and Australian Accounting Standards.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following:

- liabilities for cash settled share based payment arrangements are measured at fair value.

The methods used to measure fair values are discussed further in Note 3.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 24 – measurement of share based payments

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash at bank, deposits at call and short term money market securities which are readily convertible to cash.

(b) Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that all amounts due may not be collected according to the original terms of the receivables.

The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(c) Investments and financial assets

Financial assets classified as loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise when money and services are provided to a debtor with no intention of selling the receivable.

Loans and deposits are carried at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial asset are spread over its effective life.

(d) Plant and equipment

Plant and equipment including office fixtures, fittings and operating equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation on depreciable plant and equipment (office fixtures, fittings and operating equipment) is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The estimated useful life of depreciable plant and equipment is as follows:

Furniture, fittings and equipment	4 – 13 years
Software	3 years
Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(e) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid at the balance sheet date. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(g) Dividends

Provision is made for the amount of any dividends declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the balance date.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Earnings per stapled security

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares outstanding during the reporting period.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

(i) Contributed equity

Ordinary shares are classified as contributed equity.

Incremental costs directly attributable to the issue of new units, shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

(j) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised as an expense when the leave is taken and measured at the rates paid or payable.

(ii) Share based payments
The grant date fair value of performance rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance rights. The amount recognised as an expense is adjusted to reflect the actual number of performance rights that vest, except for those that fail to vest due to performance hurdles not being met.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those performance rights is transferred to contributed equity.

(iii) Bonus plans
Liabilities and expenses for bonuses are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Long service leave
The Company will begin to recognise liabilities for long service leave when employees reach a qualifying period of continuous service. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with the terms to maturity and currency that match, as closely as possible, the estimated future cash flow.

(v) Retirement benefit obligations
The Company pays fixed contributions to employee superannuation funds and the Company's legal or constructive obligations are limited to these contributions. The contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(k) Revenue

Management fee income is brought to account on an accruals basis, and if not received at balance date is reflected in the balance sheet as a receivable.

(l) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(m) Expenses

Expenses including operating expenses and other outgoings are brought to account on an accruals basis and, if not paid at balance date, are reflected in the balance sheet as payables.

(n) Income tax

The income tax expense or revenue for the reporting period is the tax payable on the current reporting period's taxable income based on the Australian company tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax balances are calculated using the balance sheet method. Under this method, temporary differences arise between the carrying amount of assets and liabilities in the financial statements and the tax bases for the corresponding assets and liabilities. However, an exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not effect either accounting profit or taxable profit or loss. Similarly, no deferred tax asset or liability is recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Income tax (continued)
Deferred tax assets are recognised for temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(o) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flow.

(p) New accounting standards and UIG interpretation
The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Company's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business and geographical segments (see Note 21). Under the management approach, there will be no change to the disclosure.
- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in a income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Company's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Company plans to provide total comprehensive income in a separate statement of comprehensive income for its 2010 financial statements.
- *AASB 2008-1 Amendments to Australian Accounting Standard – Share Based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Company's 30 June 2010 financial statements, with retrospective application. The Company has not yet determined the potential effect of the amendment.
- *AASB 2008-5 Amendments to Australian Accounting Standards arising from Annual Improvements Process* and *AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

(r) Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTE 3 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Receivables
The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

NOTE 4 FINANCIAL RISK MANAGEMENT

Overview
The Company has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit, Compliance and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

NOTE 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Overview (continued)

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Compliance and Risk Management Committee oversees how management monitors compliance with the Companys risk management policies and procedures and reviews the adequacy of the risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company has few customers and therefore there is significant concentration of credit risk. Credit risk has been minimised primarily by ensuring, on a continuous basis, that the customers have appropriate financial standing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has liquidity risk management policies, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for the purchase/sale of assets for a period of 90 days (or longer if deemed necessary), including the servicing of financial obligations.

Market risk

Market risk is the risk that changes in market prices, such as the consumer price index and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

	30 June 2009 $	30 June 2008 $
NOTE 5 MANAGEMENT FEES		
Management fees	**3,205,958**	**2,874,891**

Fees are charged to the Trust by the Company for management and responsible entity services.

Expense reimbursement and management fee receipts of $6,439,579 (2008: $6,012,641) disclosed in the statement of cash flows is comprised predominantly of expenses paid for by the Company on behalf of the Trust and other ALE group entities and subsequently reimbursed from the entities. The legal obligations for these expenses are the responsibility of the individual ALE group entities and are not expenses of the Company.

NOTE 6 TRANSACTION COSTS

	30 June 2009 $	30 June 2008 $
Acquisition proposal due diligence	–	9,576
Net costs incurred	**–**	**9,576**

Costs incurred as responsible entity for the Trust, in relation to potential property acquisitions that did not proceed to completion.

NOTE 7 AUDITORS' REMUNERATION

	30 June 2009 $	30 June 2008 $
Audit services		
KPMG Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work under the Corporations Act 2001		
– in relation to current year	140,359	12,5241
– in relation to prior year	30,000	–
Total remuneration for audit services	**170,359**	**125,241**
PricewatehouseCoopers Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work under the Corporations Act 2001		
– in relation to current year	–	–
– in relation to prior year	–	25,171
Total remuneration for audit services	**170,359**	**150,412**
Taxation services		
PricewatehouseCoopers Australian firm:		
Tax compliance services	19,990	21,700
Tax consulting services	26,540	72,900
Total taxation services	**46,530**	**94,600**

	Note	30 June 2009 $	30 June 2008 $
NOTE 8 INCOME TAX EXPENSE/(BENEFIT)			
Current tax expense/(benefit)		–	–
Deferred tax (benefit)		18,302	77,161
		18,302	**77,161**
Decrease/(Increase) in deferred tax asset		17,934	77,711
Increase/(Decrease) in deferred tax liabilities		368	(550)
		18,302	**77,161**
Reconciliation of income tax expense to prima facie tax payable			
Profit/(Loss) before income tax expense		(73,645)	28,971
Tax at the Australian tax rate 30%		(22,094)	8,691
Tax effect of amounts which are deductible (taxable) in calculating taxable income:			
Share based payments		47,216	66,323
Entertainment		–	937
Under provision in prior years		(6,820)	1,210
		40,396	68,470
Income tax expense/(benefit)		**18,302**	**77,161**
NOTE 9 CASH AND CASH EQUIVALENTS			
Cash at bank	(a)	171,283	41,161
Deposit at call	(b)	65,928	61,158
		237,211	**102,319**

(a) As at 30 June 2009 the weighted average interest rate earned on cash was 3.16% (2008: 7.50%).

(b) The deposit represents a office occupancy security deposit.

		30 June 2009 $	30 June 2008 $
Reconciliation of profit after income tax to net cash inflows from operating activities			
(Loss) for the year		(91,947)	(48,190)
Depreciation		51,786	53,247
Loss on disposal of plant and equipment		1,577	–
Non-cash employee benefits expense – share based payments		157,094	221,077
(Increase)/decrease in receivables		(532,016)	27,471
(Increase)/decrease in other assets		87,530	(52,631)
(Increase)/decrease in deferred tax asset		17,934	77,711
Increase/(decrease) in loan from related party		(32,369)	17,491
Increase/(decrease) in provisions		(15,708)	5,511
Increase/(decrease) in payables		375,162	237,453
Increase/(decrease) in current tax liability		–	(1,182)
Increase/(decrease) in deferred tax liability		368	(551)
Net cash inflows from operating activities		**19,411**	**537,407**
NOTE 10 RECEIVABLES			
Accounts receivable		765,166	232,877
Interest receivable		169	442
		765,335	**233,319**

	30 June 2009 $	30 June 2008 $
NOTE 11 PLANT AND EQUIPMENT		
Furniture, fittings and equipment		
At Cost	51,543	63,014
Accumulated depreciation	(33,783)	(40,150)
	17,760	22,864
Computer equipment		
At Cost	110,656	84,986
Accumulated depreciation	(82,655)	(64,533)
	28,001	20,453
Office fitout		
At Cost	94,906	94,906
Accumulated depreciation	(55,460)	(26,988)
	39,446	67,918
Total		
At Cost	257,105	242,906
Accumulated depreciation	(171,898)	(131,671)
Net book value	**85,207**	**111,235**
Movement in Plant and Equipment:		
Furniture, fittings and equipment		
Net book value at the beginning of the year	22,864	29,518
Additions	3,029	–
Disposals	(2,941)	(177)
Depreciation charge	(5,192)	(6,477)
Net book value at the end of the year	17,760	22,864
Computer equipment		
Net book value at the beginning of the year	20,453	19,807
Additions	25,670	18,941
Disposals	–	(1,666)
Depreciation charge	(18,122)	(16,629)
Net book value at the end of the year	28,001	20,453
Office fitout		
Net book value at the beginning of the year	67,918	1,310
Additions	–	94,906
Depreciation charge	(28,472)	(28,298)
Net book value at the end of the year	39,446	67,918
Total		
Net book value at the beginning of the year	111,235	50,635
Additions	28,699	113,847
Disposals	(2,941)	(1,843)
Depreciation charge	(51,786)	(51,404)
Net book value at the end of the year	**85,207**	**111,235**
NOTE 12 INVESTMENT IN RELATED PARTY		
Trust No Income Voting Units (NIVUS)	**9,080,010**	**9,080,010**

The Company was issued $9,080,010 of NIVUS in the Trust for cash consideration of $6,200,010 and non-cash consideration of $2,880,000 in November 2003. The NIVUS have only been issued to the Company and are held by the Company in order to satisfy the net tangible asset condition in its Australian Financial Services Licence. The NIVUS are not stapled to shares in the Company, have an issue and withdrawal price of $1.00, carry no rights to income from the Trust and entitle the holder to no more than $1.00 per NIVUS upon the winding up of the Trust. The Company had an initial voting power of 9.09% in the Trust as a result of the issue of NIVUS. The Company now has a voting power of 9.38% in the Trust as a result of the subsequent changes in the issued capital of the Company.

	30 June 2009 $	30 June 2008 $
NOTE 13 DEFERRED TAX ASSET		
Deferred tax assets	**380,510**	**398,444**
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	6,416	11,127
Acquisition proposal due diligence	108,641	186,210
Other accruals	233,141	120,687
Other provisions	3,000	3,000
Tax losses	29,312	77,420
Net deferred tax assets	**380,510**	**398,444**
Movements:		
Opening balance	398,444	476,155
Credited/(charged) to the income statement (Note 8)	(17,934)	(77,711)
Closing balance at	**380,510**	**398,444**
Deferred tax assets to be recovered within 12 months	337,885	230,141
Deferred tax assets to be recovered after more than 12 months	42,625	168,303
	380,510	**398,444**
NOTE 14 PAYABLES		
Trade creditors	270,708	285,719
Creditor accruals	745,910	355,737
	1,016,618	**641,456**
NOTE 15 PROVISIONS		
Provision for annual leave	21,386	37,094
Provision for superannuation	–	–
	21,386	**37,094**
NOTE 16 LOAN FROM RELATED PARTY		
Loan from the Trust	**1,802,318**	**1,688,315**
The loan is non-interest bearing, of no fixed term and is repayable on demand.		
NOTE 17 DEFERRED TAX LIABILITY		
Deferred tax liability	**550**	**182**
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Interest income earned but not received	51	182
Prepaid expense	499	–
Net deferred tax liability	**550**	**182**
Movements:		
Opening balance	182	732
Charged to income statement (Note 8)	368	(550)
Closing balance	**550**	**182**
Deferred tax liabilities to be recovered within 12 months	550	182
Deferred tax liabilities to be recovered after more than 12 months	–	–
	550	**182**

	30 June 2009 $	30 June 2008 $
NOTE 18 CONTRIBUTED EQUITY		
(a) Share capital		
Issued share capital 87,692,019 (2008 85,813,747) fully paid	8,813,743	8,670,927
(b) Movements in ordinary share capital		
Opening balance	8,670,927	9,095,028
Vesting of performance rights	5,617	–
Shares issued under Dividend Re-investment Plan	162,199	–
Costs associated with implementation of Dividend Reinvestment Plan	(25,000)	–
On-market share buyback	–	(424,101)
Balance at the end of the period	**8,813,743**	**8,670,927**
Movements in the number of fully paid shares		
	No. of shares	No. of shares
Shares on issue		
Opening balance	85,813,747	90,660,614
Vesting of performance rights	61,826	–
Shares issued under Dividend Reinvestment Plan	1,816,446	–
On-market share buyback	–	(4,846,867)
Closing balance	**87,692,019**	**85,813,747**

(c) Shares

Fully paid stapled securities in the Company were issued at $1.00 per stapled security. Each stapled security comprises one $0.10 share in the Company and one $0.90 unit in the Trust. They cannot be traded or dealt with separately. Stapled securities entitle the holder to participate in dividends/distributions and the proceeds on any winding up of the Company in proportion to the number of and amounts paid on the securities held. On a show of hands every holder of stapled securities present at a meeting in person or by proxy, is entitled to one vote. On a Company poll each ordinary shareholder is entitled to one vote for each fully paid share, and on a Trust poll each unitholder is entitled to one vote for each fully paid unit.

(d) Share buyback

On 2 May 2007 the Company announced its intention to buyback up to 9,080,010 stapled securities on-market. The share buyback concluded on 2 May 2008 with 5,286,353 shares being bought back for a total cost of $463,083.

	30 June 2009 $	30 June 2008 $
NOTE 19 RETAINED LOSSES		
Balance at the beginning of the year	(1,189,149)	(1,140,959)
Net profit/(loss) attributable to ordinary shareholders	(91,947)	(48,190)
Transfer from Share based payments reserve	148,466	
Balance at the end of the year	**(1,132,630)**	**(1,189,149)**
NOTE 20 RESERVES		
Share-based payments reserve	**83,333**	**221,077**
Balance at the beginning of the year	221,077	–
Employee share based payments expense	157,094	221,077
Transfer to Retained Profits on lapsing of Performance Rights	(148,466)	–
Vesting of performance rights	(146,372)	–
Balance at the end of the year	**83,333**	**221,077**

NOTE 21 SEGMENT INFORMATION

Business segment

The Company operates solely in the property funds management industry and has no business segmentation.

Geographical segment

The Company operates solely within Australia.

NOTE 22 EVENTS OCCURRING AFTER REPORTING DATE

The Directors are not aware of any matter or circumstance occurring after balance date which may materially affect the Company's operations, the results of those operations or the state of affairs of the Company.

NOTE 23 CONTINGENT LIABILITIES

Bank guarantee

The Company has entered into a bank guarantee of $58,135 in respect of its office tenancy at Level 7, 1 O'Connell Street, Sydney.

The Directors are not aware of any other material contingent liabilities as at the date of this report.

NOTE 24 SHARE BASED PAYMENTS

During 2007 ALE established a Performance Rights Plan that entitles key management personnel. Grants of performance rights (PR) have made to Mr Wilkinson and Mr Slade respectively. In accordance with the plan the performance rights vest upon performance hurdles being achieved. The securities issued under the plan are issued at nil cost to the employee.

The terms and conditions of the grants are as follows:

Employee entitled	Grant date	Number of PRs	Vesting conditions	Contractual Life of PRs
Mr A F O Wilkinson	12-Dec-07	90,516	1. Service period 2. Total shareholder Return (TSR) compared to comparative group 3. Absolute TSR	1 June 2009
Mr A J Slade	30-Jun-08 1-Jul-08	15,552 30,206	1. Service period 2. Total shareholder Return (TSR) compared to comparative group 3. Absolute TSR	30 June 2010 30 June 2011

The vesting conditions for Mr Wilkinson's performance rights were tested on 1 June 2009.

The vesting conditions for Mr Slade's performance rights are tested annually on 30 June each year. One third of the number of performance rights issued are tested each balance date.

The number and weighted average fair values of the performance rights on issue are as follows:

	Number of performance rights 2009	**Weighted average fair value 2009**	Number of performance rights 2008	Weighted average fair value 2008
Outstanding at 1 July	106,068	3.03	–	–
Granted during period	30,206	1.67	106,068	3.03
Vested during year	(61,826)	2.29		
Lapsed during year	(33,435)	2.29	–	–
Outstanding at 30 June	41,013	1.87	106,068	3.03

The performance rights outstanding at 30 June 2009 will be issued at nil cost to the employee if and when they vest.

The performance rights value is the assessed fair value at grant date of the performance rights, allocated equally over the period from grant date to vesting date. The fair value at grant date has been independently determined by using a Black-Scholes option pricing model. This technique takes into account factors such as the exercise price, the term of the performance rights, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance rights, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term of the performance rights.

NOTE 25 COMMITMENTS

(a) Capital commitments

The Directors are not aware of any capital commitments as at the date of this report.

(b) Lease commitments

The Company has entered into a non-cancellable operating lease for its office premises at Level 7, 1 O'Connell Street, Sydney. The Company has also entered into a non-cancellable operating lease for office equipment. The minimum net lease commitments under theses leases are:

	30 June 2009 $	30 June 2008 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	113,551	111,384
Later than one year but not later than five years	55,469	166,036
Later than five years	–	–
	169,020	**277,420**

NOTE 26 RELATED PARTY TRANSACTIONS

(a) Parent entity, subsidiaries, joint ventures and associates

The Company has no parent entity, subsidiaries, joint ventures or associates.

(b) Key management personnel

Key management personnel and their compensation is set out in Note 27.

(c) Transaction with related parties

For the year ended 30 June 2008 the Company had charged the Trust $3,205,958 in management fees (2008: $2,874,891).

Peter Warne is also a director of Next Financial Limited (Next Financial) which acts as an Investment Manager. At 30 June 2009 Next Financial held on behalf of its clients (other than Peter Warne) 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 in the ALE Property Group held by Next Financial for its clients . 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.

(d) Terms and conditions

All related party transactions are conducted on normal commercial terms and conditions. Outstanding balances are unsecured and are repayable in cash and callable on demand.

NOTE 27 KEY MANAGEMENT PERSONNEL

(a) Directors

The following persons were Directors of the Company during the financial year:

Name	Type	Appointed
P H Warne (Chairman)	Independent non-executive	8 September 2003
J P Henderson	Independent non-executive	19 August 2003
H I Wright	Independent non-executive	8 September 2003
A F O Wilkinson (Managing Director)	Executive	16 November 2004
J T McNally	Executive	26 June 2003

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the year.

Name	Title
Andrew Slade	Investment and Capital Manager
Brendan Howell	Company Secretary and Compliance Officer
Michael Clarke	Finance Manager

(c) Compensation for key management personnel

The following table sets out the compensation for key management personnel in aggregate. Refer to the remuneration report in the Directors' Report for details of the remuneration policy and compensation details by individual.

	30 June 2009 $	30 June 2008 $
Short term employee benefits	1,151,267	1,233,449
Post employment benefits	56,932	68,552
Share based payments	157,094	221,076
	1,365,293	**1,523,077**

The Company has taken advantage of the relief provided by the Corporations Regulations CR2M.6.04 and has transferred the detailed remuneration disclosures to section 9 of the Directors' Report.

Share based payments expense in the year		
Performance rights granted in 2008	100,048	221,076
Performance rights granted in 2009	57,046	–
	157,094	**221,076**

	30 June 2009 cents	30 June 2008 cents
NOTE 28 EARNINGS PER SHARE		
(a) Basic earnings per share		
Attributable to equity holders of the Company		
Basic and diluted earnings per equity holders of the Company	(1.06)	(0.56)
Attributable to security holders of the stapled entity		
Basic and diluted earnings per stapled security before financing costs attributable to the Company security holders divided by the average number of securities	(1.06)	(0.56)
Basic and diluted earnings per stapled security using realised operating income.	(1.06)	(0.56)

	Number	Number
(b) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating earnings per share	86,845,689	86,631,833
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	86,845,689	86,631,833

NOTE 29 FINANCIAL INSTRUMENTS

(a) Credit risk

ALE's major credit risk is the risk that the tenant will fail to perform its contractual obligations including honouring the terms of the lease agreements either in whole or in part. Credit risk has been minimised primarily by ensuring, on a continuous basis, that the tenant has appropriate financial standing.

Credit risk on cash is managed through ensuring all cash deposits are held with major domestic banks.

The credit risk on financial assets of the Company which have been recognised in the balance sheet is generally the carrying amount net of any provision for doubtful debts.

	30 June 2009 $	30 June 2008 $
Exposure to credit risk		
Receivables	765,335	233,319
Cash and cash equivalents	237,211	102,319
	1,002,546	**335,638**

	2009		2008	
	Gross $	**Impairment $**	Gross $	Impairment $
Impairment losses				
Not past due	110,551	–	43,307	–
Past due 0-30 days	77,039	–	–	–
Past due 31-120 days	65,227	–	190,012	–
Past Due 120-365 days	46,013	–	–	–
More than one year	466,505	–	–	–
	765,335	**–**	**233,319**	**–**

(b) Liquidity Risk

The Company has no contracted financial liabilities and therefore the Company's Liquidity Risk to external parties is minimal.

(c) Interest rate risk

The Company has no financial interest bearing obligations and accordingly the Company's Interest rate risk is minimal.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes, and the remuneration disclosures that are contained in Section 9 of the Directors' Report, set out on pages 64 to 79 are in accordance with the *Corporations Act 2001* including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance as for the financial year ended on that date; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) the remuneration disclosures that are contained in the Remuneration Report set out in Section 9 of the Directors' Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Directors.

Peter H Warne
Director

Sydney

Dated this 5th day of August 2009

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN LEISURE AND ENTERTAINMENT PROPERTY MANAGEMENT LIMITED

Report on the financial report

We have audited the accompanying financial report of Australian Leisure and Entertainment Property Management Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration set out on pages 64 to 80.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Australian Leisure and Entertainment Property Management Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 9 on pages 56 to 61 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Australian Leisure and Entertainment Property Management Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Steve Gatt
Partner

Sydney

5 August 2009

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ALE PROPERTY GROUP

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5 August, 2009

The Directors
Australian Leisure and Entertainment Property
Management Limited
Level 7
1 O'Connell Street
Sydney NSW 2000

Subject: Management Statement Letter to Directors on ALE Property Group's Financial Reports for the year ended 30 June 2009.

Dear Directors,

We confirm to the best of our knowledge and belief that the Financial Reports for the year ended 30 June 2009 of:

- ALE Property Group, being Australian Leisure and Entertainment Property Trust and its controlled entities;
- Australian Leisure and Entertainment Property Management Limited;
- Australian Leisure and Entertainment Direct Property Trust; and
- ALE Finance Company Pty Limited

present a true and fair view, in all material respects, of the financial condition and operational results of their respective entities and are in accordance with relevant accounting standards and requirements of the *Corporations Act 2001*.

The above statement is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board.

We confirm that all risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

Yours sincerely

Andrew Wilkinson	Michael Clarke	Brendan Howell
Managing Director	Finance Manager	Company Secretary

INVESTOR INFORMATION

Stock Exchange Listing
The ALE Property Group (ALE) is listed on the Australian Stock 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 of the plan are available on the ALE 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 Full Year and Half-Year Financial Reports are 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 by registering on ALE's website. **The election by stapled security 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 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.

CORPORATE DIRECTORY

Registered Office
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Telephone (02) 8231 8588

Company Secretary
Mr Brendan Howell
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Sydney NSW 2000
Telephone (02) 8231 8588

Auditors
KPMG
10 Shelley Street
Sydney NSW 2000

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

Custodian (Australian Leisure and Entertainment Property Trust)
Trust Company of Australia Limited
Level 4, 35 Clarence Street
Sydney NSW 2000

Trustee (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

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BREAKFAST CREEK HOTEL, BREAKFAST CREEK QLD
Arguably Australia's most famous watering hole, the Breakfast Creek Hotel was built in 1889 and is celebrating its 120th 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.

DESIGNED AND PRODUCED BY ROSS BARR & ASSOCIATES PTY LIMITED

ALE
ALE PROPERTY GROUP

WWW.ALEGROUP.COM.AU