

offer

ALE PROPERTY GROUP ALE NOTES 2 PROSPECTUS

AN OFFER OF UNSECURED
LOAN NOTES TO RAISE \$100 MILLION



MACQUARIE

THE ISSUER

AUSTRALIAN LEISURE AND ENTERTAINMENT PROPERTY MANAGEMENT LIMITED (ABN 45 105 275 278)
AS RESPONSIBLE ENTITY OF AUSTRALIAN LEISURE AND ENTERTAINMENT PROPERTY TRUST (ARSN 106 063 049)

STRUCTURER & LEAD MANAGER

MACQUARIE CAPITAL ADVISERS LIMITED (ABN 60 001 374 572)

IMPORTANT INFORMATION

This Prospectus relates to an offer of unsecured notes ("ALE Notes 2") by Australian Leisure and Entertainment Property Management Limited (ABN 45 105 275 278) as the responsible entity of Australian Leisure and Entertainment Property Trust (ARSN 106 063 049) ("ALE Property Trust").

This Prospectus is dated 24 March 2010 and was lodged with ASIC on 24 March 2010. ASIC and ASX take no responsibility as to the contents of this Prospectus. This Prospectus has been, or will be, lodged with the New Zealand Companies Office. No ALE Notes 2 will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Applications for ALE Notes 2 may only be made on an Application Form attached to this Prospectus.

The Offer does not take into account the investment objectives, financial situation and particular needs of the investors. It is important that you read the entire Prospectus before making any decision to invest in ALE Notes 2. You should also consider the risk factors that could affect the financial performance of the ALE Property Trust. All these factors should be considered in light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues). Investors should seek professional advice before deciding whether to invest. If after reading the Prospectus you have any questions about the Offer, you should contact your stockbroker, financial adviser or other professional adviser without delay. This Prospectus is only relevant for investors or potential investors in ALE Notes 2 and should not be used for any other purpose.

ASIC has published an investor guide for retail investors who are considering investing in corporate bonds. A copy of the guide can be obtained free of charge from www.fido.asic.gov.au/corporate-bonds or by contacting ASIC on 1300 300 630.

No representations other than in this prospectus

You should rely only on information in this Prospectus. No person is authorised to provide any information or make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by ALE Property Trust in connection with this Prospectus. Except as required by law, and only to the extent so required, neither ALE Property Trust nor any other person warrants the future performance of ALE Property Trust or any other member of the ALE Property Group or any return on any investment made under this Prospectus.

The pro-forma financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

Forward looking statements

This Prospectus contains forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions which, at the date of this Prospectus, are expected to take place. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of ALE Property Group. The Directors of ALE Property Management cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

Foreign jurisdictions

For details of certain foreign selling restrictions that apply to ALE Notes 2 in foreign jurisdictions, see Section 7.8 of this Prospectus.

Exposure Period

The Corporations Act prohibits ALE Property Trust from processing Applications for ALE Notes 2 in the 7 day period after 24 March 2010, being the date on which this Prospectus was lodged with ASIC. ASIC may extend this period by up to a further 7 days (that is, up to a total of 14 days). This period is referred to as the "Exposure Period".

Applications for ALE Notes 2 under this Prospectus will not be processed until expiry of the Exposure Period for this Prospectus under the Corporations Act. The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications for ALE Notes 2. If the Exposure Period is extended by ASIC, Applications will not be processed until after the expiry of the extended Exposure Period.

How to obtain a Prospectus

This Prospectus may be viewed online at the Internet site of ALE Property Group: www.alegroup.com.au.

Applicants using an Application Form attached to the electronic version of this Prospectus must be located in Australia or New Zealand. Persons who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. A paper copy of this Prospectus will also be provided free of charge to any person who requests a copy by contacting the ALE Information Line on 1800 106 756 (within Australia) and +61 3 9415 4613 (international) during the Offer Period.

The Corporations Act prohibits any person from passing an Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

Electronic access to this Prospectus

The following conditions apply if this Prospectus is accessed electronically.

- You must download the entire Prospectus.
- Your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus.
- The Prospectus is available to you electronically only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia or New Zealand.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings, as set out in the Glossary in Section 8 of this Prospectus. All references to \$ are to Australian dollars.

The definitions specific to the ALE Notes 2 are mostly contained in clause 12.3 of the Terms of Issue in Appendix 1. If there is any inconsistency in definitions between the Prospectus and the Terms of Issue, the definitions in the Terms of Issue prevail.

Photographs and diagrams

The assets depicted in photographs in this Prospectus may not be assets of ALE Property Group. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Privacy

If you apply for ALE Notes 2, you will be asked to provide personal information to ALE Property Trust (directly or via the Registry). ALE Property Trust (and the Registry on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. Access to the information may be provided to ALE Property Trust's agents and service providers (including the Lead Manager and its related bodies corporate) on the basis that they deal with such information in accordance with ALE Property Group's privacy policy. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the ALE Property Group. You can request access to

your personal information by telephoning or writing to the Registry. You can obtain a copy of ALE Property Trust's privacy policy by calling ALE Property Management on (02) 8231 8588 or writing to ALE Property Group at Level 7, 1 O'Connell Street, Sydney NSW 2000.

Applications for ALE Notes 2

Applications for ALE Notes 2 under this Prospectus may only be made during the Offer Period (although ALE Property Trust reserves the right to accept late Applications) and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for ALE Notes 2 under the Offer and how to make an Application – see Sections 2.1 and 2.2.

When ALE Notes 2 will be issued

ALE Property Trust will apply for the ALE Notes 2 to be quoted on ASX. If ASX does not grant permission for the ALE Notes 2 to be quoted within 3 months after the date of the Prospectus, the ALE Notes 2 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

If the ALE Notes 2 are accepted for quotation on ASX, ALE Property Trust expects to issue the ALE Notes 2 on or about 30 April 2010.

Important information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Chairman's letter	2
ALE Notes 2	4
ALE Property Group	6
What you should do	8
Key dates	9
Key features of ALE Notes 2	10
1 About ALE Notes 2	13
2 Details of the Offer	29
3 ALE Property Group	41
4 Financial information	47
5 Investment risks	51
6 Taxation summary	59
7 Additional information	61
8 Glossary	71
Appendix 1 – Terms of issue	77

24 March 2010

Dear Investor

On behalf of ALE Property Group, it is my pleasure to invite you to become an investor in ALE Notes 2. ALE Notes 2 are unsecured notes which pay a floating rate of interest. ALE Property Group is seeking to raise approximately \$100 million under this Prospectus through the issue of ALE Notes 2. The proceeds of the Offer will be used to refinance existing debt and ultimately repay, in part, the existing ALE Notes that mature in September 2011.

The key features of ALE Notes 2 include:

- (a) Issue Price of \$100 each;
- (b) floating Interest Rate based on a margin expected to be between 4.00% and 4.20% over the 3 Month Bank Bill Swap Rate;
- (c) interest payable quarterly in arrears; and
- (d) an Initial Maturity Date of 20 August 2014, which may be extended by one or two years (in which case the redemption payment would increase).¹

ALE Property Trust will apply for ALE Notes 2 to be listed on ASX.

Holders of existing ALE Notes may have their Notes bought back for \$102.50 each and the proceeds applied to ALE Notes 2.

ALE Property Group is Australia's largest freehold owner of pubs with a portfolio of 89 properties across the five mainland states of Australia. ALE seeks to deliver stable and growing rental income, minimise any development risks, manage its capital and financing requirements and, where appropriate, make prudent and accretive acquisitions.

The ALE Property Group portfolio consists of high-quality freehold pubs, which are subject to long-term Triple-Net Leases.² Each pub in the portfolio has been leased to members of the Australian Leisure and Hospitality Group, Australia's market leading and largest pub operator. ALH is 75% owned by Woolworths and 25% by companies associated with Bruce Mathieson. The initial lease term is for 25 years (average of nearly 19 years remaining) with four 10 year options for ALH to renew.

This Prospectus contains information about ALE Property Group and the Offer, including the risks of investing in ALE Notes 2. I encourage you to read this Prospectus carefully before deciding whether to invest in ALE Notes 2, particularly the risks set out in Sections 1.7 and 5.

If you have any questions regarding the Offer please call the ALE Information Line on 1800 106 756 (within Australia) or +61 3 9415 4613 (international) or contact your broker or other professional adviser. Additional information is available at www.alegroup.com.au. In the ALE Notes 2 Offer section of the website you will be able to make electronic applications and payments once the Offer opens.

On behalf of my fellow Directors, I look forward to welcoming you as an investor in ALE Notes 2.

Yours faithfully



Peter Warne
Chairman

Australian Leisure and Entertainment Property Management Limited as responsible entity of the Australian Leisure and Entertainment Property Trust

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

¹ Please see section 1.2.1 for further details about the Maturity Date and how it may be extended.

² Triple-Net Leases apply to 87 of 89 pubs held by ALE Property Group. The remaining 2 pubs have Double-Net Leases. ALE Property Group pays land tax for all Queensland properties.



Young & Jackson Hotel
CBD, Melbourne, VIC

- ALE Notes 2 are new unsecured notes. They are redeemable debt obligations of ALE Property Trust. ALE Notes 2 are different from ordinary Stapled Securities in ALE Property Group and from the existing ALE Notes.
- ALE Notes 2 bear interest which is calculated at a floating interest rate, accrues daily and is payable quarterly in arrears until the Maturity Date.¹
- The Interest Rate for each quarterly period will be the sum of the Market Rate at the beginning of that quarterly period plus the Margin.
 - The Margin will be determined following the Bookbuild and is expected to be in the range of 4.00%–4.20% per annum.
 - Based on the approximate Market Rate as at 24 March 2010, the initial Interest Rate is expected to be 8.4%–8.6% per annum.

ALE Notes 2



New Brighton Hotel
Manly, Sydney, NSW



Blacktown Inn
Blacktown, Sydney, NSW

– **Issue Price of \$100 each and Redeemed for \$100 on 20 August 2014 (unless extended).**

– **ALE Property Trust may extend the Term of ALE Notes 2 for a further period of one or two years.**

– ALE Notes 2 will be Redeemable on each quarterly Interest Payment Date for \$101 after 20 August 2014 up to 20 August 2015, and \$102 after 20 August 2015, up to 20 August 2016.

– **If for any reason a scheduled interest payment or redemption proceeds are not paid, ALE Property Trust will, until such payments are made, be prohibited from paying distributions to Stapled Securityholders.**

– **ALE Property Trust will apply for quotation of ALE Notes 2 on ASX.**

ALE Notes Reinvestment Offer

– Holders of ALE Notes may apply to have their existing ALE Notes bought back for \$102.50 each and the proceeds applied to ALE Notes 2. See Section 2.1.1.

Applicants should read this Prospectus in full (including Section 5 which outlines the risks of investing in ALE Notes 2) before deciding whether to participate in the Offer.



The Brass Monkey,
Northbridge, Perth, WA

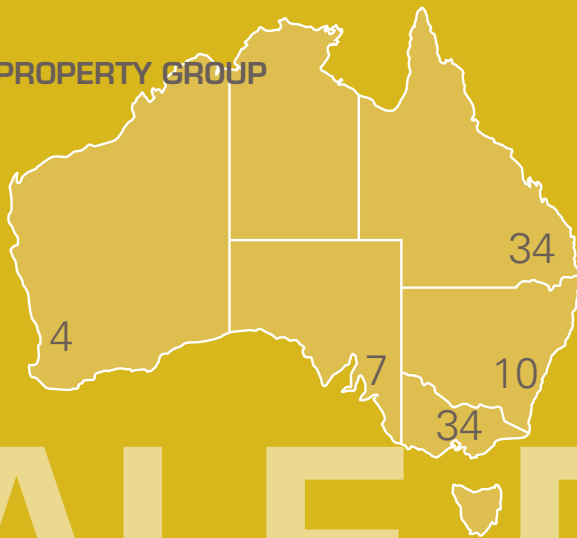


Young & Jackson Hotel
CBD, Melbourne, VIC

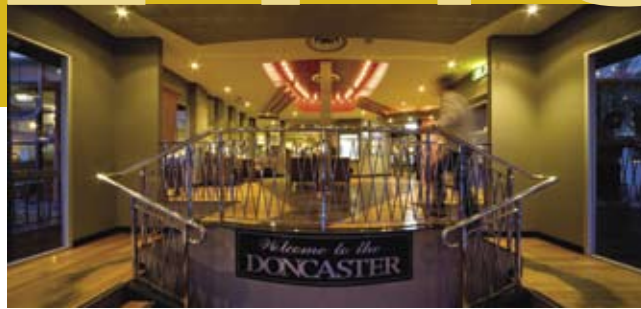


Village Green Hotel
Mulgrave, Melbourne, VIC

¹ The first period for which interest will be calculated will commence on the Issue Date and will end on 20 August 2010. Accrued interest is payable on 20 February, 20 May, 20 August and 20 November in each year. The first date on which interest will be paid is 20 August 2010.



ALE Proper



Doncaster Inn
Doncaster, Melbourne, VIC



Stamford Inn
Rowville, Melbourne, VIC

Australia's largest freehold owner of pubs

Australia's best-performing real estate investment trust over the period since ALE Property Group's IPO in November 2003¹

- Over this period ALE Property Group provided Stapled Securityholders with an annual compound total return (including distributions plus increases in security price) of 31.5%²

Portfolio of 89 pubs with a portfolio value of \$741 million

- Security of income across a large and geographically diverse portfolio
- Pubs predominantly located in key metropolitan locations

Long-term Triple-Net Leases – regular outgoings and capital expenditure borne by the tenant³

- 25 years initial term (average of nearly 19 years remaining) and four 10 year options for tenant to renew
- Each Lease provides for annual rent reviews linked to CPI
- Leases benefit from cross-default provisions⁴

All pubs are leased to ALH, the market leading Australian pub operator

- ALH owned by Woolworths (75%) and companies associated with Bruce Mathieson (25%)

¹ ALE Property Group has been the best performing Australian real estate investment trust when compared to all the trusts included in the ASX/S&P Property 300 for the five years ending 28 February 2010.

² Total return since listing in 2003 (based on the subscription price at the time of the IPO and a Stapled Security closing price as at 12 March 2010 of \$2.20). Includes the \$0.41 received by retail investors that renounced their entitlement under the September 2009 rights issue.

³ Triple-Net Leases apply to 87 of 89 pubs held by ALE Property Group. The remaining 2 pubs have Double-Net Leases. ALE Property Group pays land tax for all QLD properties.

⁴ Cross-default provisions on 87 of 89 pubs held by ALE Property Group, meaning that if ALH defaults on any one lease, all 87 leases are in default.

ty Group



The Crows Nest Hotel
Crows Nest, Sydney, NSW

Burleigh Heads Hotel
Burleigh Heads, QLD

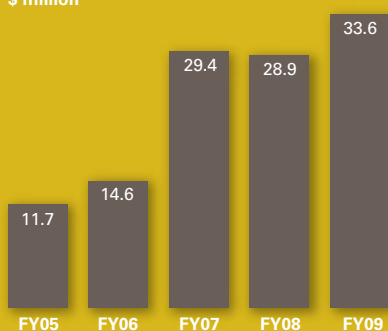
Continued track record of distributable profit and cashflow growth even through the recent Australian commercial property downturn

ALE Property Group's property portfolio has performed well and has also demonstrated significant stability over the last few years.

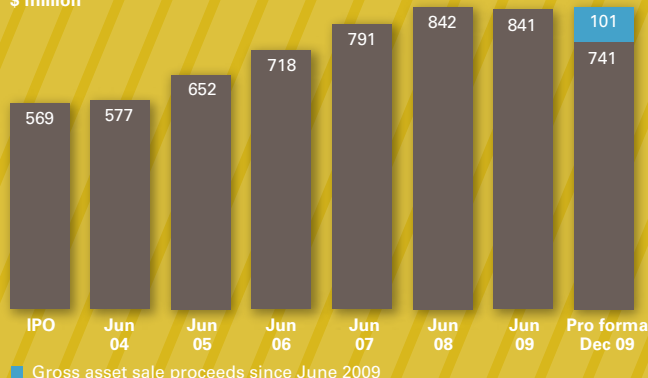
Recent sales of 16 hotels for \$101.1 million (compared to a book value of \$97.4 million) demonstrate the strong demand for quality freehold pubs with a strong tenant and long-term Triple-Net Leases

- Asset sales represent an average sale Capitalisation Rate of 5.98% compared to the June and December 2009 average carrying value Capitalisation Rate of 6.45%
- Average \$6 million asset value per property sold, appealing to a broad range of commercial property purchasers with their own funding

DISTRIBUTABLE PROFIT
\$ million



GROWTH IN PORTFOLIO VALUE
\$ million



WHAT YOU SHOULD DO

1. Read this Prospectus

Read this Prospectus in full, paying particular attention to the:

- (a) important information on the inside front cover;
- (b) key features of ALE Notes 2;
- (c) information about ALE Property Group in Sections 3 and 4;
- (d) investment risks in Sections 1.7 and 5; and
- (e) ALE Notes 2 Terms of Issue in Appendix 1.

2. Consider and consult

Consider all risks and other information about ALE Notes 2 in light of your particular investment objectives and circumstances. Consult your financial adviser or other professional adviser if you have any questions or are uncertain as to whether you should apply for ALE Notes 2.

3. Who may apply?

The Offer is being made to:

- (a) Stapled Securityholders who may apply under the ALE Stapled Securityholder Offer;
- (b) existing ALE Note Holders who may apply under the ALE Notes Reinvestment Offer;
- (c) members of the general public who are Australian or New Zealand residents who may apply under the General Offer;
- (d) clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; and
- (e) Institutional Investors who were invited by the Lead Manager to bid for ALE Notes 2 through the Bookbuild under the Institutional Offer.

4. Who are ALE Stapled Securityholder Applicants and ALE Notes Reinvestment Applicants?

If you were a registered holder of Stapled Securities with a registered address in Australia or New Zealand at 7:00pm AEST on Friday 19 March 2010, you can participate as an ALE Stapled Securityholder Applicant.

If you were a registered holder of existing ALE Notes with a registered address in Australia or New Zealand at 7:00pm AEST on Friday 19 March 2010, you can participate as an ALE Notes Reinvestment Applicant.

If there is excess demand for ALE Notes 2, priority in the allocation of ALE Notes 2 will be given to ALE Stapled Securityholder Applicants and ALE Notes Reinvestment Applicants over Applications from General Applicants.

5. Complete an Application Form

If you have decided to apply for ALE Notes 2, you need to apply pursuant to an Application Form attached to or accompanying this Prospectus. An Application Form may be completed online at www.alegroup.com.au. The Prospectus and Application Forms will be available during the Offer Period. The Application process varies depending on whether you are an ALE Stapled Securityholder Applicant, ALE Notes Reinvestment Applicant, General Applicant or Broker Firm Applicant – see Section 2 for full details.

6. Submit your Application

If you are an **ALE Stapled Securityholder Applicant or an ALE Notes Reinvestment Applicant**, your Application must be received by the Registry no later than the Closing Date for the ALE Stapled Securityholder Offer or ALE Notes Reinvestment Offer, which is **5:00pm AEST on 21 April 2010**. You may submit your Application pursuant to a paper Application Form accompanied by an Application Payment using either cheque(s) and/or money order(s), or online by following the instructions at www.alegroup.com.au and completing a BPAY[®] payment.

If you are a **General Applicant**, your Application must be received by the Registry no later than the Closing Date for the General Offer, which is **5:00pm AEST on 21 April 2010**. You may submit your Application pursuant to a paper Application Form accompanied by an Application Payment using either cheque(s) and/or money order(s), or online by following the instructions at www.alegroup.com.au Offer and completing a BPAY[®] payment.

If you are a **Broker Firm Applicant**, your Application must be received by your Syndicate Broker in time for them to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer, which is **5:00pm AEST on 27 April 2010**. You must contact your Syndicate Broker for their instructions on how to submit your Broker Firm Offer Application.

You must have an Australian dollar denominated account with an Australian financial institution to pay by BPAY[®].

The Offer may close early, so you are encouraged to submit your Application as soon as possible after the Opening Date.

For more information on applying for ALE Notes 2 – see Section 2.2. If you have any questions about the Offer or how to apply for ALE Notes 2 as an ALE Stapled Securityholder Applicant, ALE Notes Reinvestment Applicant or General Applicant, call the ALE Information Line on 1800 106 756 (within Australia) or +61 3 9415 4613 (international) (Monday to Friday – 8:30am to 5:00pm AEST) or contact your broker or other professional adviser.

If you have any questions in relation to a Broker Firm Offer Application you must call your Syndicate Broker.

KEY DATES

The key dates of the Offer are set out below.

Lodgement of Prospectus with ASIC	24 March 2010
Bookbuild to determine the Margin	31 March 2010
Announcement of the Margin and lodgement of the Replacement Prospectus with ASIC	1 April 2010
Offer opens	1 April 2010
Closing Date for ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer	5:00pm AEST on 21 April 2010
Closing Date for Broker Firm Offer	5:00pm AEST on 27 April 2010
Issue of ALE Notes 2	30 April 2010
ALE Notes 2 expected to commence trading on ASX on a deferred settlement basis	30 April 2010
Holding Statements despatched	by 4 May 2010
ALE Notes 2 expected to commence trading on ASX on a normal basis	5 May 2010
First Interest Payment Date	20 August 2010
Interest Payment Dates	each 20 November, 20 February, 20 May and 20 August from First Interest Payment Date until Redeemed
Initial Maturity Date ¹	20 August 2014
First Extended Maturity Date (if applicable)	20 August 2015
Second Extended Maturity Date (if applicable)	20 August 2016

All dates and times are indicative only. ALE Property Trust, in consultation with the Lead Manager, reserves the right to close the Offer early, extend the Offer, not proceed with the Offer or accept or reject any Applications (including late Applications) in whole or in part.

¹ Please see section 1.2.1 for further details about the Maturity Date and how it may be extended.

KEY FEATURES OF ALE NOTES 2

A summary of the key features of ALE Notes 2 is set out below. This is a summary only. Investors should read this entire Prospectus carefully. The Terms of Issue of ALE Notes 2 are set out in Appendix 1.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether ALE Notes 2 are a suitable investment for you, you should consult your financial or other professional adviser.

Key features summary	Further information	
Issuer	ALE Property Trust	Sections 1.1.2, 1.1.3 and 3.1
ALE Notes 2	Unsecured debt securities.	Section 1.1.1
Size of the Offer	Approximately \$100 million.	Section 1.1.8
Minimum Application amount	\$5,000 (being 50 ALE Notes 2).	Section 2.2.1
Issue Price and Face Value	\$100 per ALE Note 2.	Section 1.1.7
Maturity Date	The ALE Notes 2 must be repaid on their Maturity Date. The Maturity Date for ALE Notes 2 is: (a) 20 August 2014; or (b) if ALE Property Trust exercises its option to extend the Maturity Date by one or two years, 20 August 2015 or 20 August 2016, as applicable. The ALE Notes 2 may be Redeemed before the Maturity Date in certain circumstances (see below under "Early Redemption").	Section 1.2.1
Redemption Value	\$100 per ALE Note 2 if Redeemed on 20 August 2014. If the Maturity Date is extended, the Redemption Value will be: (a) \$101 per ALE Note 2 if Redemption occurs after 20 August 2014 and on or before 20 August 2015; or (b) \$102 per ALE Note 2 if Redemption occurs after 20 August 2015.	Section 1.4.4
Expected Issue Date	30 April 2010.	
Interest Rate	ALE Notes 2 will accrue interest on their Face Value at a floating rate. The Interest Rate for each Interest Period will be the Market Rate on the first Business Day of that Interest Period plus the Margin. The Interest Rate for each Interest Period will be calculated and set on the first Business Day of that Interest Period.	Sections 1.3 and 5.2.3
Market Rate	The Market Rate refers to the 3 Month Bank Bill Swap Rate, which is a benchmark interest rate for the Australian money market.	Sections 1.3.5 and 5.3
Margin	The Margin is expected to be between 4.00% and 4.20% per annum and set for all Interest Periods until the Maturity Date and will be determined under the Bookbuild on 31 March 2010 and announced 1 April 2010.	Sections 1.3.2 and 2.5.1
Payment of interest	Accrued interest is payable quarterly in arrears.	Sections 1.3, 5.2.5 and 5.2.8
Interest Payment Dates	Interest is payable on the Interest Payment Dates, being 20 February, 20 May, 20 August and 20 November each year. The First Interest Payment Date is 20 August 2010.	Sections 1.3, 5.2.5 and 5.2.8

Key features summary	Further information
<p>Interest Periods</p> <p>The first Interest Period commences on (and includes) the Settlement Date and ends on 20 August 2010. Each subsequent Interest Period commences on (and includes) an Interest Payment Date and ends on (but excludes) the next Interest Payment Date.</p>	Section 1.3.3
<p>Early Redemption at option of ALE Property Trust – before Initial Maturity Date</p> <p>ALE Property Trust has the right to Redeem at the Redemption Value all (but not some) ALE Notes 2 before the Initial Maturity Date and at any time after that time if:</p> <ul style="list-style-type: none"> (a) a Tax Event occurs; (b) a Change of Control Event occurs; or (c) at any time the aggregate Face Value of the ALE Notes 2 that have not been Redeemed or repurchased and cancelled is less than 30% of the aggregate Face Value of the ALE Notes 2 originally issued. 	Sections 1.4.2 and 5.2.6
<p>Early Redemption at option of ALE Property Trust – if Maturity Date extended</p> <p>If ALE Property Trust exercises its option to extend the Maturity Date by one or two years, it may in its absolute discretion Redeem at the Redemption Value all (but not some) ALE Notes 2 on any Interest Payment Date following 20 August 2014 up to and including 20 August 2016, for the Redemption Value that applies at that time.</p>	Sections 1.4.1 and 5.2.6
<p>Early Redemption at option of Holders</p> <p>Holders have the right to require Redemption at the applicable Redemption Value of the ALE Notes 2 held by them prior to the Maturity Date only if:</p> <ul style="list-style-type: none"> (a) a Change of Control Event occurs; (b) a Significant Change occurs; or (c) the ALE Notes 2 cease to be quoted on ASX or trading is suspended for more than 15 consecutive Business Days. 	Sections 1.4.3 and 5.2.6
<p>Amount payable on Redemption</p> <p>On Redemption, Holders will be entitled to be paid the applicable Redemption Value, being:</p> <ul style="list-style-type: none"> (a) if Redemption occurs on or before 20 August 2014, \$100 per ALE Note 2 and any accrued interest; (b) if Redemption occurs after 20 August 2014 but on or before 20 August 2015, \$101 per ALE Note 2 and any accrued interest; and (c) if Redemption occurs after 20 August 2015, \$102 per ALE Note 2 and any accrued interest. 	Sections 1.4.4 and 5.2.6
<p>Gearing Covenant</p> <p>ALE Property Trust may not:</p> <ul style="list-style-type: none"> (a) increase Finance Debt; (b) reduce the number of Stapled Securities on issue; or (c) pay any Special Distribution to Stapled Securityholders, which results in Gearing exceeding 67.5%. <p>If ALE Property Trust takes one of the actions in (a) to (c) above, and this results in Gearing exceeding 67.5%, ALE Property Trust will not be able to pay distributions to Stapled Securityholders, and the Interest Rate applying to all interest entitlements will be increased to the Higher Rate, until the breach is remedied.</p> <p>The Gearing Covenant will not be breached if Gearing increases above 67.5% for reasons other than ALE Property Trust taking the actions listed above (for example, due to a change in the value of the assets of the ALE Property Group).</p>	Section 1.6.4

Key features summary	Further information
<p>Events of Default</p> <p>Investors have the protection of the following Events of Default:</p> <ul style="list-style-type: none"> (a) ALE Property Trust fails to pay any amount payable by it under any ALE Notes 2 within three Business Days after the due date; (b) an Insolvency Event occurs in respect of ALE Property Trust; or (c) it is or becomes unlawful for ALE Property Trust to perform any of its payment obligations under the ALE Notes 2. <p>If any Event of Default occurs and is continuing, the Trustee may declare the Redemption Value to be due and payable and/or may declare that ALE Property Trust is not able to pay distributions to Stapled Securityholders.</p>	<p>Sections 1.6.1 and 1.6.2</p>
<p>Higher Rate</p> <p>If ALE Property Trust fails to pay any amount due under ALE Notes 2 (interest or Redemption Value), the Interest Rate applying to the unpaid amounts will be increased by 2% per annum while these amounts remain unpaid.</p>	<p>Sections 1.3.9 and 1.4.5</p>
<p>Security and ranking</p> <p>Even though the ALE Notes 2 are not subordinated debt of ALE Property Trust, they are effectively (or structurally) subordinated to all creditors of ALE Direct Property Trust.</p> <p>ALE Notes 2 are unsecured debt obligations. This means that the obligations under the ALE Notes 2 are not secured by the assets of ALE Property Trust or any other person. They do not have the benefit of any mortgage or charge.</p> <p>The way that ALE Property Group is structured means that the claims of ALE Notes 2 are, in effect, subordinated to the payment of creditors of ALE Direct Property Trust, as explained in more detail in Section 1.2.2. See also Sections 5.2.5 and 5.2.8.</p> <p>ALE Notes 2 rank at least equally with ALE Property Trust's other unsecured and unsubordinated debt obligations, except those that are required by law to be preferred.</p> <p> Holders of ALE Notes 2 will, in most circumstances, be entitled to receive payments of interest in priority to the holders of ALE Notes. Please see Section 1.2.2 for further details.</p>	<p>Sections 1.2.2, 5.2.5 and 5.2.8</p>
<p>ASX quotation</p> <p>ALE Property Trust will apply for ALE Notes 2 to be quoted on ASX and are expected to trade under ASX code "LEPHC".</p>	<p>Sections 2.6.1 and 5.1</p>
<p>Voting</p> <p>As ALE Notes 2 are debt instruments, they will have no voting rights at general meetings of ALE Property Trust.</p>	<p>Section 1.5.3</p>
<p>Risks</p> <p>There are risks associated with an investment in ALE Notes 2, as well as risks associated with an investment in ALE Property Group generally.</p> <p>See Sections 1.7 and 5 for further details.</p>	<p>Sections 1.7 and 5</p>



SECTION 1
ABOUT ALE NOTES 2

/ 1



Breakfast Creek Hotel
Albion, Brisbane, QLD

SECTION 1 ABOUT ALE NOTES 2

Key questions about ALE Notes 2

1.1 ALE Notes 2 Offer and ALE Property Group

- 1.1.1 What are ALE Notes 2?
- 1.1.2 Who is issuing ALE Notes 2?
- 1.1.3 What is ALE Property Group?
- 1.1.4 What are ALE Property Group's key assets?
- 1.1.5 Who leases the Portfolio?
- 1.1.6 What is ALH?
- 1.1.7 What is the Issue Price of ALE Notes 2?
- 1.1.8 What is the size of the Offer?
- 1.1.9 Who can apply?
- 1.1.10 What is the ALE Notes Reinvestment Offer?
- 1.1.11 What is the purpose of the Offer?
- 1.1.12 Why is ALE Property Trust issuing ALE Notes 2?
- 1.1.13 Who is the Trustee of the ALE Notes 2?

1.2 General

- 1.2.1 What is the term of the ALE Notes 2?
- 1.2.2 How do ALE Notes rank in relation to other ALE Property Group debt?
- 1.2.3 Will ALE Notes 2 be quoted on ASX?
- 1.2.4 What are the taxation implications of investing in ALE Notes 2?
- 1.2.5 Is there brokerage or stamp duty payable?
- 1.2.6 How do the key features of ALE Notes 2 and the existing ALE Notes compare?

1.3 ALE Notes 2 Interest

- 1.3.1 What will I receive?
- 1.3.2 How will the Interest Rate be calculated?
- 1.3.3 How will interest be calculated for each Interest Period?
- 1.3.4 How will I be paid interest?
- 1.3.5 What is the Market Rate?
- 1.3.6 When are the Interest Payment Dates?
- 1.3.7 How will Interest on ALE Notes 2 be funded?
- 1.3.8 Will interest always be paid?
- 1.3.9 What happens if interest is not paid?
- 1.3.10 Will interest payments be franked or imputed?

1.4 Redemption

- 1.4.1 When will ALE Notes 2 be Redeemed?
- 1.4.2 Can the ALE Notes 2 be Redeemed early by ALE Property Trust?
- 1.4.3 Can the ALE Notes 2 be Redeemed early by Holders?
- 1.4.4 What will I receive on Redemption?
- 1.4.5 What happens if ALE Notes 2 are not Redeemed at Maturity?
- 1.4.6 What happens on a Change of Control Event?

1.5 Other Questions

- 1.5.1 Can ALE Notes 2 be purchased or sold on ASX?
- 1.5.2 Can ALE issue further ALE Notes 2 or other instruments?
- 1.5.3 Do ALE Notes 2 Holders have voting rights at meetings of Stapled Securityholders?
- 1.5.4 In a winding up of ALE Property Group, what will ALE Notes 2 Holders receive?
- 1.5.5 ALE Notes 2 are described as unsecured notes. What does this mean?

1.6 Investor Protections

- 1.6.1 What are the Events of Default?
- 1.6.2 What happens on an Event of Default?
- 1.6.3 What is a Distribution Stopper?
- 1.6.4 Are there any Gearing Covenants?

1.7 Potential Investment Risks

- 1.7.1 Risks relating to ALE Notes 2 including market liquidity and price
 - 1.7.2 Risks relating to ALE Property Group including financial position and performance
 - 1.7.3 Risks relating to ALE Property Trust's exposure to ALH
-

SECTION 1 ABOUT ALE NOTES 2

1.1 ALE Notes 2 Offer and ALE Property Group

1.1.1 What are ALE Notes 2?

ALE Notes 2 are debt obligations of ALE Property Trust which:

- (a) entitle Holders to quarterly floating rate interest payments;
- (b) have an Initial Maturity Date of 20 August 2014 – although ALE Property Trust has the option to extend this Initial Maturity Date by two one-year periods (up to 20 August 2016);
- (c) are Redeemable before the Maturity Date by Holders or ALE Property Trust in certain limited circumstances; and
- (d) are Redeemable by ALE Property Trust on the relevant Maturity Date for:
 - (i) \$100 up to and including 20 August 2014;
 - (ii) \$101 after 20 August 2014 and up to and including 20 August 2015; or
 - (iii) \$102 after 20 August 2015 and up to and including 20 August 2016.

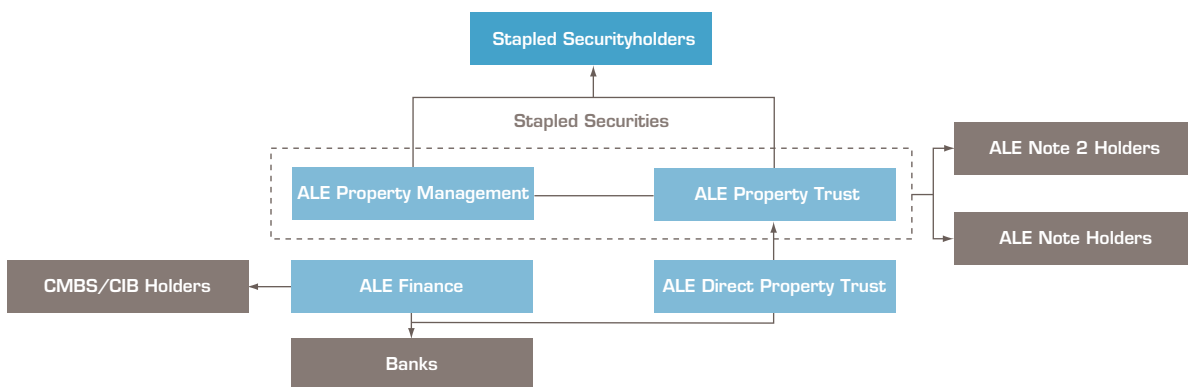
1.1.2 Who is issuing ALE Notes 2?

ALE Notes 2 will be issued by ALE Property Management as the responsible entity for ALE Property Trust.

1.1.3 What is ALE Property Group?

ALE Property Group comprises two entities whose securities are stapled and trade on ASX under the code LEP:

- (a) ALE Property Trust; and
- (b) ALE Property Management.



ALE Property Trust is a registered managed investment scheme, and was established for the purpose of acquiring and owning, through its wholly owned and controlled sub-trust, ALE Direct Property Trust, the Portfolio of 89 hotels. ALE Direct Property Trust owns the freehold title to each hotel in the Portfolio. The Portfolio is leased to a single tenant, ALH. The plant, furniture and equipment, gaming and liquor licences and goodwill associated with each hotel in the Portfolio are owned by ALH and not ALE Direct Property Trust. In addition, ALH and not ALE Direct Property Trust is entitled to the benefits and proceeds, and bears the risks and costs, associated with the development of hotels in the Portfolio, subject to certain conditions, and subject to ALE Direct Property Trust being kept whole.¹

ALE Property Management is a company established for the purpose of acting as responsible entity of the ALE Property Trust. The Corporations Act requires a registered managed investment scheme to have a responsible entity. As responsible entity of ALE Property Trust, ALE Property Management is responsible to the Stapled Securityholders for the day-to-day operations of ALE Property Trust and must exercise its functions for the benefit of all Stapled Securityholders.

1.1.4 What are ALE Property Group's key assets?

The Portfolio comprises 89 hotels located throughout the five mainland states of Australia.

¹ For 86 of the 89 properties in the Portfolio.

1.1.5 Who leases the Portfolio?

All properties owned by ALE are leased to ALH. 86 of the 89 properties in the Portfolio are leased to ALH for a term of 25 years (average of nearly 19 years remaining) with four 10 year options for ALH to renew. Those Leases have annual rent reviews linked to CPI and a market rent review on the 15th anniversary (in approximately 8.5 years time) with the condition that the resulting rent cannot be more than 10% above or below the previous rent. In addition, there will be a market rent review at the start of any additional option term of 10 years without the same condition. The Leases are Triple-Net Leases which means that ALH is responsible for all of the outgoings including insurance, land tax, maintenance and repairs in respect of the hotels. Three of the properties in the Portfolio are leased to ALH on slightly different terms.

1.1.6 What is ALH?

ALH is a company which conducts a leisure and entertainment and retail business operating a portfolio of venues in various locations around Australia. ALH currently operates 286 licensed venues and 476 retail liquor outlets across Australia.

ALH is 75% owned by Woolworths and 25% by companies associated with Bruce Mathieson. Further information about ALH is available at the website of ALH: www.alhgroup.com.au.

1.1.7 What is the Issue Price of ALE Notes 2?

\$100 per ALE Note 2.

1.1.8 What is the size of the Offer?

Approximately \$100 million.

1.1.9 Who can apply?

If you are an Australian or New Zealand resident with a registered address in Australia or New Zealand you are eligible to apply for ALE Notes 2 through the **General Offer**. Please note you must have an Australian dollar denominated bank account with an Australian financial institution to apply. Please use the **White General and Broker Firm Application Form** accompanying this Prospectus.

If you are an Australian or New Zealand resident holder of Stapled Securities at 7:00pm AEST on Friday 19 March 2010 with a registered address in Australia or New Zealand, you are eligible to apply for ALE Notes 2 through the **ALE Stapled Securityholder Offer**. Please note you must have an Australian dollar denominated bank account with an Australian financial institution to apply. Please use the **Blue Priority Application Form** accompanying this Prospectus.

If you are an Australian or New Zealand resident **holder of existing ALE Notes** at 7:00pm AEST on Friday 19 March 2010 with a registered address in Australia or New Zealand, you are eligible to apply for ALE Notes 2 through the ALE Notes Reinvestment Offer. Please note you must have an Australian dollar denominated bank account with an Australian financial institution to apply. Please use the **Green Priority & Reinvestment Application Form** accompanying this Prospectus.

If you are a **retail client of a Syndicate Broker** who received an allocation of ALE Notes 2 in the Bookbuild, you may be eligible to apply through the Broker Firm Offer. Please **contact your Syndicate Broker** to determine your eligibility and how to apply.

Details of how to apply are set out in Section 2.

1.1.10 What is the ALE Notes Reinvestment Offer?

The ALE Notes Reinvestment Offer refers to the offer to holders of existing ALE Notes as shown on the Register as at 7.00pm (AEST) on Friday 19 March 2010 to subscribe for ALE Notes 2. It also refers to the offer by ALE Property Trust to buyback existing ALE Notes for \$102.50 per existing ALE Note, known as the Buy-Back Amount. Each ALE Notes Holder who elects for ALE Property Trust to buy-back some or all of their ALE Notes will be entitled to the Buy-Back Proceeds, which is calculated as the amount of ALE Notes successfully bought back by ALE Property Trust, multiplied by the Buy-Back Amount. ALE Property Trust will automatically reinvest the Buy-Back Proceeds into the maximum number of ALE Notes 2 possible.

Please note that ALE Notes Reinvestment Applicants may elect to have some, all or none of their ALE Notes bought back by ALE Property Trust and may apply for ALE Notes 2 regardless of whether they choose to have their ALE Notes bought back.

Details of the ALE Notes Reinvestment Offer are set out in Section 2.1.1.

1.1.11 What is the purpose of the Offer?

To refinance existing debt and ultimately repay, in part, the ALE Notes which mature in September 2011.

Details of the proposed capital structure post the Offer are included in Section 3.4.

1.1.12 Why is ALE Property Trust issuing ALE Notes 2?

ALE Property Trust has been exploring various alternatives in relation to refinancing the debt which falls due in 2011 in order to ensure an optimal capital structure. ALE Property Group has \$221 million of debt facilities maturing in May 2011 and \$148.9 million of existing ALE Notes maturing in September 2011.

Following the issue of ALE Notes 2, ALE Property Group expects to have approximately \$150 million of cash on balance sheet that may be used to buy back or pay down debt.¹

ALE Property Trust continues active discussions with potential financiers and rating agencies and intends to finalise refinancing of its debt in advance of the maturity dates. As a result of the success of ALE Property Group's capital management initiatives in significantly reducing gearing, ALE Property Trust does not perceive any difficulties in refinancing the maturing debt facilities.

1.1.13 Who is the Trustee of ALE Notes 2?

As required by Chapter 2L of the Corporations Act, ALE Property Trust has appointed Trust Company Fiduciary Services Limited to act as trustee on behalf of Holders on the terms and conditions of the ALE Notes 2 Trust Deed.

1.2 General

1.2.1 What is the term of the ALE Notes 2?

The ALE Notes 2 must be Redeemed by ALE Property Trust:

- (a) on 20 August 2014; or
- (b) if ALE Property Trust exercises its option to extend the Maturity Date by one or two years, on 20 August 2015 or 20 August 2016 (as applicable).

ALE Property Trust may also in its absolute discretion Redeem all (but not some only) of the ALE Notes 2 on any Interest Payment Date following 20 August 2014 up to and including 20 August 2016, for the applicable Redemption Value, which will be:

- (a) \$101 if Redemption occurs after 20 August 2014 and on or before 20 August 2015; or
- (b) \$102 if Redemption occurs after 20 August 2015.

At the same time as it Redeems the ALE 2 Notes, ALE Property Trust must also pay the relevant Holders all accrued interest in respect of the ALE Notes 2.

1.2.2 How do ALE Notes 2 rank in relation to other ALE Property Group debt?

Holders of ALE Notes 2 will, in most circumstances, be entitled to receive payments of interest in priority to the holders of ALE Notes. This is because under the terms of the ALE Notes, ALE Property Trust is entitled to defer payment of interest on the ALE Notes. Unless the aggregate amount of interest deferred and not paid exceeds the amount of interest payable on the ALE Notes in the preceding 12 months, deferral will not be an event of default under the ALE Notes. ALE Property Trust has undertaken to exercise its rights to defer payment of interest on the ALE Notes to the extent it is entitled to do so, and to the extent necessary to enable it to make payments in full of interest due on the ALE Notes 2.

¹ In addition, ALE will hold approximately \$60 million in cash as collateral against the CIB.

If ALE Property Trust becomes insolvent, then for so long as any CMBS are outstanding, the order in which the assets of ALE Property Trust will be distributed among its creditors will be as follows:

- firstly, to any secured creditors according to the ranking of their security. ALE Property Trust currently has no secured creditors;
- second, to its unsecured creditors, including the ALE Notes 2 Holders, proportionately and equally; and
- third, to the holders of any other subordinated creditors of ALE Property Trust according to their respective terms of subordination.

ALE Notes 2 are paid interest in priority to Stapled Security distributions.

The way that ALE Property Group is structured means that the claims of ALE Notes 2 are, in effect, subordinated to the payment of creditors of ALE Direct Property Trust. This is because most of the assets of the ALE Property Group are held by ALE Direct Property Trust. It is therefore likely, from the point of view of operational risk, that if ALE Property Trust becomes insolvent, it will do so because ALE Direct Property Trust has also become insolvent. In these circumstances, all creditors of ALE Direct Property Trust, including the CMBS, and any financiers under bank or other debt facilities will have to be repaid in full before any of the assets of the ALE Property Group held by ALE Direct Property Trust will be available for distribution to ALE Property Trust and then to its creditors (see above as to the order of ranking of ALE Property Trust’s creditors).

1.2.3 Will ALE Notes 2 be quoted on ASX?

ALE Property Trust will apply for ALE Notes 2 to be quoted on ASX and are expected to trade under ASX code “LEPHC”.

1.2.4 What are the taxation implications of investing in ALE Notes 2?

The taxation implications of investing in ALE Notes 2 will depend on an investor’s individual circumstances. Prospective investors should obtain their own taxation advice.

A general outline of the Australian and New Zealand taxation implications is included in the Taxation Summary in Section 6.

1.2.5 Is there brokerage or stamp duty payable?

No brokerage or stamp duty is payable on Applications for ALE Notes 2. Holders may have to pay brokerage on any subsequent transfer of ALE Notes 2 on ASX after quotation.

1.2.6 How do the key features of ALE Notes 2 and the existing ALE Notes compare?

A comparison of the key features of ALE Notes 2 and the existing ALE Notes is set out in summary form below. This comparison is not intended to be exhaustive.

	Existing ALE Notes (as defined in ALE Notes term of issue)	ALE Notes 2
Issuer	ALE Property Management as the responsible entity for ALE Property Trust	ALE Property Management as the responsible entity for ALE Property Trust
Face Value	\$100	\$100
Instrument	Unsecured notes	Unsecured notes
Term	8 years (subject to certain early redemption rights)	4 years (with an option for ALE Property Trust to extend for one or two years)
Interest	Fixed rate interest payments, payable semi-annually in arrears. Interest may be deferred, and deferral does not constitute an event of default unless the aggregate amount deferred and unpaid is at least equal to the amount of interest which should have been paid on the two immediately preceding interest payment dates	Floating rate interest payments, payable quarterly in arrears. Interest may not be deferred. Failure to pay any interest in full within three Business Days of the due date is an Event of Default

	Existing ALE Notes (as defined in ALE Notes term of issue)	ALE Notes 2
Margin at issue/ Interest Rate	1.00% over 8 year swap Fixed rate set at 7.265% per annum	4.00%–4.20% over the 3 Month Bank Bill Swap Rate (as determined under the Bookbuild) Estimated Interest Rate for the first Interest Period: 8.3783%–8.5783% per annum (floating based on the 3 Month Bank Bill Swap Rate of 4.3783% as at 24 March 2010)
Ranking	Subordinated to senior debt (as defined in the ALE Notes terms of issue) and certain other creditors of ALE Property Group	ALE Notes 2 rank at least equally with ALE Property Trust’s other unsecured and unsubordinated debt obligations, except those that are required by law to be preferred. Holders of ALE Notes 2 will, in most circumstances, be entitled to receive payments of interest in priority to the holders of ALE Notes. Please see Sections 1.2.2, 5.2.5 and 5.2.8 for full details
Early redemption right	ALE Property Trust has the ability to redeem: (a) \$45 million of ALE Notes after year 3; (b) up to \$60 million of ALE Notes (if none already redeemed) after year 4; and (c) all ALE Notes on issue on the 5th, 6th and 7th anniversary of the issue date Automatic redemption in limited circumstances	ALE Property Trust has the ability to Redeem all (but not some) of the ALE Notes 2: (a) if a Tax Event, a Clean Up Event or a Change of Control Event occurs; or (b) on any Interest Payment Date after the 4th anniversary of the First Interest Payment Date. Holders may require Redemption in limited circumstances
Option to extend	None	ALE Property Trust may extend the date on which the ALE Notes 2 will mature by one or two years
Redemption Value per note	Upon redemption, Holders are entitled to be paid \$102.50 (subject to early redemption right adjustment amount)	Upon Redemption, Holders are entitled to be paid: (a) up to and including the Initial Maturity Date, \$100 cash per ALE Note 2 and any accrued interest; (b) after the 4th anniversary of the First Interest Payment Date up to and including the 5th anniversary, \$101 cash per ALE Note 2 and any accrued interest; and (c) after the 5th anniversary of the First Interest Payment Date up to and including the 6th anniversary, \$102 cash per ALE Note 2 and any accrued interest

	Existing ALE Notes (as defined in ALE Notes term of issue)	ALE Notes 2
Investor protections	<p>No distribution may be paid on ALE Stapled Securities if interest on ALE Notes remains unpaid. Unpaid interest will accrue at the higher rate.</p> <p>If ALE Property Trust breaches one of the following covenants or there is an event of default, the interest rate will be increased to the higher rate until the breach is remedied.</p> <p>If ALE Property Trust increases finance debt, reduces the number of Stapled Securities on issue or pays any Special Distribution which results in:</p> <ul style="list-style-type: none"> (a) senior LVR (as defined in the ALE Note terms of issue) exceeding 60%; (b) total LVR (as defined in the ALE Note terms of issue) exceeding 87.5%; and (c) ICR (as defined in the ALE Note terms of issue) for the ALE Notes being less than 1.20:1 for the next two forecast Interest Periods. <p>An event of default includes the occurrence of any of the following:</p> <ul style="list-style-type: none"> – ALE Property Trust fails to pay two consecutive interest payments; – ALE Property Trust does not pay holders the redemption value in full within two months of an automatic redemption event; – ALE Property Trust does not pay holders the redemption value and aggregate deferred interest within six months of the maturity date; or – Foster’s (as defined in the ALE Note terms of issue) is insolvent 	<p>No distribution may be paid on ALE Stapled Securities if any interest and/or Redemption Value has not been paid when due, while an Event of Default is subsisting (following relevant declaration by the Trustee), or if there is a breach of the Gearing Covenant that has not been remedied.</p> <p>Any amounts not paid when due will accrue interest at the Higher Rate.</p> <p>Gearing Covenant – if ALE Property Trust:</p> <ul style="list-style-type: none"> (a) increases Finance Debt; (b) reduces the number of Stapled Securities on issue; or (c) pays any Special Distribution, <p>which results in Gearing exceeding 67.5%, the Interest Rate will be increased to the Higher Rate until the breach is remedied and distributions will not be paid to Stapled Securityholders while Gearing remains in excess of 67.5% following a breach.</p> <p>The Gearing Covenant will not be breached if Gearing increases above 67.5% for reasons other than ALE Property Trust taking the actions listed above (for example, due to a change in the value of the assets of the ALE Property Group).</p> <p>An Event of Default will occur if:</p> <ul style="list-style-type: none"> – ALE Property Trust fails to pay any amount payable by it under any ALE Notes 2 within three Business Days after the due date; – an Insolvency Event occurs in respect of ALE Property Trust; or – it is, or becomes, unlawful for ALE Property Trust to perform any of its payment obligations under the ALE Notes 2 <p>If any Event of Default occurs and is continuing, the Trustee may declare the Redemption Value to be due and payable or may declare that ALE Property Trust is not able to pay distributions to Stapled Securityholders</p>
Higher Rate	2% above the fixed interest rate	2% above the prevailing Interest Rate
Guarantee	Foster’s guarantee in regard to payment of interest and principal	None
Voting rights	No voting rights at general meetings of ALE Property Trust	No voting rights at general meetings of ALE Property Trust

1.3 ALE Notes 2 Interest

1.3.1 What interest will I receive?

Interest on ALE Notes 2 is calculated at a floating interest rate.

Interest is scheduled to be paid quarterly in arrears on 20 February, 20 May, 20 August and 20 November of each year.

If interest is not paid within three Business Days of the due date for payment, an Event of Default will occur.

1.3.2 How will the Interest Rate be calculated?

The Interest Rate for each Interest Period will be set on the first Business Day of each Interest Period (other than for the first Interest Period, whose Interest Rate which will be set on the Settlement Date) and will be calculated using the following formula:

$$\text{Interest Rate} = (\text{Market Rate} + \text{Margin})$$

where:

Market Rate means the 3 Month Bank Bill Swap Rate on the first Business Day of the Interest Period – see Section 1.3.5; and

Margin is expected to be between 4.00% and 4.20% per annum and will be determined under the Bookbuild.

As an example, assuming the Market Rate on the first Business Day of the Interest Period is 4.3783% per annum and the Margin is 4.00% per annum, then the Interest Rate for that Interest Period will be calculated as follows:

Bank Bill Rate	4.3783% per annum
Plus the Margin	4.0000% per annum
Indicative Interest Rate	8.3783% per annum

1.3.3 How will interest be calculated for each Interest Period?

The interest payable on each ALE Notes 2 on each Interest Payment Date will be calculated using the following formula:

$$\text{Interest} = \frac{\text{Issue Price} \times \text{Interest Rate} \times N}{365}$$

where:

Issue Price means \$100 per ALE Note 2;

Interest Rate means the rate (expressed as a percentage per annum) determined by ALE Property Trust as set out in Section 1.3.2; and

N means the number of days in the Interest Period (calculated as set out in the ALE Notes 2 Terms of Issue).

As an example, if the Interest Rate was 8.3783% per annum, then the interest on each ALE Notes 2 for that Interest Period (if the Interest Period was for 91 days) would be calculated as follows:

indicative Interest Rate	8.3783% per annum
multiplied by the Issue Price	x \$100.00
multiplied by the number of days in the Interest Period	x 91
divided by 365	÷ 365=
indicative Interest payment for the Interest Period per ALE Notes 2 of	\$2.0888

The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual interest payable for any Interest Period. Actual interest may be higher or lower than this example as the Interest Rate fluctuates.

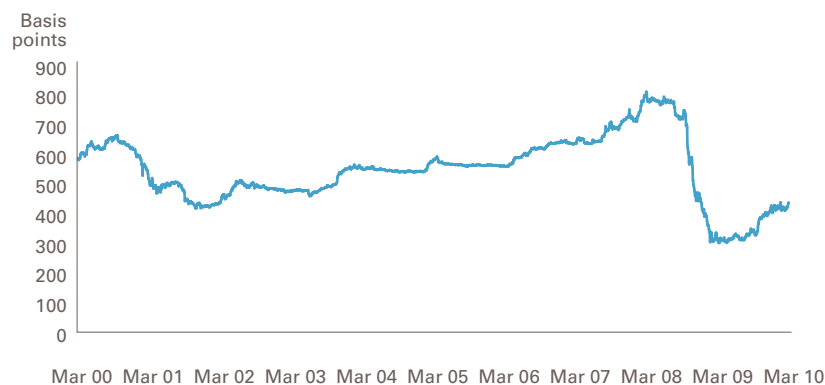
1.3.4 How will I be paid interest?

Interest is payable in Australian dollars and is expected to be paid by direct credit into an Australian dollar denominated account (excluding credit card accounts) of an Australian financial institution nominated by the ALE Notes 2 Holder or by cheque.

1.3.5 What is the Market Rate?

The Market Rate is a benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend short-term cash to each other over a 90 day period. This rate changes to reflect the supply and demand within the cash market. This rate is also heavily influenced by changes in monetary policy as set by the Reserve Bank of Australia.

The graph below illustrates the movement in the Market Rate over the 10 years. The rate on 24 March 2010 was 4.3783% per annum.



1.3.6 When are the Interest Payment Dates?

Interest is payable quarterly in arrears on the Interest Payment Dates. The First Interest Payment Date is 20 August 2010.

Subsequent Interest Payment Dates occur on 20 November, 20 February, 20 May and 20 August each year, subject to adjustment for Business Days. If any of these dates are not Business Days, then the Interest Payment Date will occur on the next Business Day.

1.3.7 How will interest on ALE Notes 2 be funded?

Interest payments on ALE Notes 2 will be funded from distributions which ALE Property Trust receives from ALE Direct Property Trust. ALE Direct Property Trust will fund these distributions from its net cash flow. The net cash flow is the rent that ALE Direct Property Trust receives each month from ALH under the Leases less its obligations in respect of Senior Debt and its operating and other costs and expenses.

Please refer to Section 1.3.8 for information about how distributions from ALE Direct Property Trust may be restricted in certain circumstances.

1.3.8 Will interest always be paid?

Payment of interest on ALE Notes 2 is dependent on the receipt by ALE Property Trust of distributions or other payments from ALE Direct Property Trust.

ALE Direct Property Trust will use its cash flows first to meet its obligations to its creditors (including its obligations under its Senior Debt and its operating and other costs and expenses), and then to pay distributions or make other payments to ALE Property Trust. ALE Property Trust will use those funds to meet its obligations under the ALE Notes 2 and its obligations to its other creditors (including the ALE Notes for as long as they are outstanding).

Under the terms of the CMBS, if certain financial ratios are not met, the amount of distributions which ALE Direct Property Trust is permitted to pay to ALE Property Trust is limited, or may even be reduced to zero. If this happens, ALE Property Trust is unlikely to have sufficient funds available to it to pay interest on the ALE Notes 2. Failure to pay interest would be an Event of Default. See Section 5.2.8 for further information.

If ALE Direct Property Trust is insolvent or enforcement action is taken under any of its Senior Debt (including, for example, the CMBS), no distributions will be made by ALE Direct Property Trust until all of ALE Direct Property Trust's finance debt has been repaid in full. If this happens, ALE Property Trust may not have sufficient funds available to it to pay interest on the ALE Notes 2 (although this would be an Event of Default). See Section 5.2.5 for further information.

Please refer to Section 4.3 which provides sensitivity analysis around changes in key variables and their impacts on ALE Property Group's ability to meet its interest repayment obligations.

1.3.9 What happens if interest is not paid?

If any interest payment is not paid on its due date:

- (a) an Event of Default will occur if the payment is not made within three Business Days of the due date (see Section 1.6);
- (b) ALE Property Trust may not pay any distributions to Stapled Securityholders until the unpaid amount is paid in full; and
- (c) interest will accrue on the unpaid amount at the Higher Rate (compounding monthly) until the unpaid amount is paid in full.

1.3.10 Will interest payments be franked or imputed?

Interest payable on ALE Notes 2 will not be franked or imputed and accordingly there will be no franking credits or imputation credits accompanying any cash interest.

Potential investors should refer to the Taxation Summary in Section 6 and seek professional advice in relation to their taxation position.

1.4 Redemption

1.4.1 When will ALE Notes 2 be Redeemed?

ALE Notes 2 must be Redeemed by ALE Property Trust on the applicable Maturity Date.

ALE Property Trust may in its absolute discretion Redeem the ALE Notes 2 on any Interest Payment Date following 20 August 2014 up to and including 20 August 2016, for the Redemption Value that applies at that time.

ALE Notes 2 may also be Redeemed before the applicable Maturity Date in certain circumstances. Refer to Sections 1.4.2 and 1.4.3 below.

1.4.2 Can the ALE Notes 2 be Redeemed early by ALE Property Trust?

ALE Property Trust may Redeem all (but not some only) of the ALE Notes 2 prior to the Initial Maturity Date or on any Interest Payment Date after that time if:

- (a) a Tax Event occurs;
- (b) a Change of Control Event occurs; or
- (c) at any time the aggregate Face Value of the ALE Notes 2 that have not been Redeemed is less than 30% of the aggregate Face Value of the ALE Notes 2 originally issued.

1.4.3 Can the ALE Notes 2 be Redeemed early by Holders?

Holders of ALE Notes 2 will have the right to require Redemption prior to the Maturity Date only where there is a Change of Control Event, a Significant Change, or the ALE Notes 2 cease to be quoted on ASX or trading is suspended for more than 15 consecutive Business Days.

1.4.4 What will I receive on Redemption?

Upon Redemption, Holders will be entitled to be paid the Redemption Value for each ALE Note 2, which is:

- (a) if Redemption occurs on or before 20 August 2014, \$100 per ALE Note 2 and any accrued interest;
- (b) if Redemption occurs after 20 August 2014 but on or before 20 August 2015, \$101 per ALE Note 2 and any accrued interest; and
- (c) if Redemption occurs after 20 August 2015, \$102 per ALE Note 2 and any accrued interest.

1.4.5 What happens if ALE Notes 2 are not Redeemed at Maturity?

If the amount payable to Redeem ALE Notes 2 on their Redemption Date is not paid in full on its due date:

- (a) an Event of Default will occur if the payment is not made within three Business Days of the due date (see Section 1.6);
- (b) the Trustee may declare the Redemption Value to be immediately due and payable;
- (c) the Trustee may declare that ALE Property Trust may not pay any distributions to Stapled Securityholders; and
- (d) interest will accrue on the unpaid amount at the Higher Rate (compounding monthly) until the unpaid amount is paid in full.

1.4.6 What happens on a Change of Control Event?

ALE Property Trust must provide notice to Holders of a Change of Control Event and inform Holders as to whether it is exercising its right to Redeem all (but not some) of the ALE Notes 2.

If ALE Property Trust does not exercise its right to Redeem, Holders will have the right to require early Redemption of their ALE Notes 2.

1.5 Other questions

1.5.1 Can ALE Notes 2 be purchased or sold on ASX?

ALE Property Trust intends, within seven days after the date of this Prospectus, to apply for quotation of the ALE Notes 2 on ASX. If the application is unsuccessful after three months of the application being made, all Application Payments received will be returned (without interest) and the Offer will not proceed.

Once the ALE Notes 2 are quoted, they may be purchased or sold through any trading participant of ASX. The market price of ALE Notes 2 may be higher or lower than the Issue Price or Redemption Value.

1.5.2 Can ALE issue further ALE Notes 2 or other instruments?

ALE reserves the right to issue further notes or securities, incur other finance debt ranking equal with or (to the maximum extent permitted by the Constitution) ahead of ALE Notes 2 on a winding up of ALE Property Trust. However, under the Gearing Covenant for ALE Notes 2, ALE Property Trust may not increase Finance Debt, reduce the number of Stapled Securities on issue or pay any Special Distribution, which results in Gearing exceeding 67.5%.

ALE Notes 2 do not confer on ALE Notes 2 Holders any right to subscribe for new stapled securities in ALE Property Group, to participate in any bonus issues of securities in ALE Property Group's capital or to participate in ALE Property Group's distribution reinvestment plan.

1.5.3 Do ALE Notes 2 Holders have voting rights at meetings of Stapled Securityholders?

ALE Notes 2 are debt instruments and Holders have no right to vote at any meetings of Stapled Securityholders.

1.5.4 In a winding up of ALE Property Group, what will ALE Notes 2 Holders receive?

As set out in Section 1.1.3 above, ALE Property Group includes two separate entities, ALE Property Trust and ALE Direct Property Trust, with ALE Direct Property Trust being a 100% sub-trust of ALE Property Trust.

Either of these entities may become insolvent separately of the other. However, because most of the property assets of the ALE Property Group are held by ALE Direct Property Trust, it is likely, from the point of view of operational risk, that if ALE Property Trust becomes insolvent, it will do so because ALE Direct Property Trust has also become insolvent. If this happens, the ALE Notes 2 will effectively be subordinated to the prior payment in full of all creditors of ALE Direct Property Trust, including the CMBS, any financiers under bank or other debt facilities and any trade or other creditors. This means that those creditors will have to be paid or repaid in full before any of the assets of the ALE Property Group held by ALE Direct Property Trust will be available for distribution to ALE Property Trust and then to its creditors. Any funds which do flow up to ALE Property Trust will be required to be paid in the order described in Section 1.2.2 above.

If there are sufficient funds available, Holders of ALE Notes 2 will be entitled to receive the applicable Redemption Value plus accrued and unpaid interest in priority to the entitlements of the ALE Property Group's stapled security holders.

1.5.5 ALE Notes 2 are described as unsecured notes. What does this mean?

ALE Notes 2 are not secured over any assets of the ALE Property Group. Security usually gives a creditor rights to sell or require the sale of the relevant assets and to use the sale proceeds to satisfy their debts in priority to the claims of other creditors who do not have security over those assets. Because the ALE Notes 2 are unsecured, the claims of Holders will rank equally and proportionately with other unsecured, unsubordinated creditors (see Sections 1.2.2 and 1.5.4 above for further information as to the ranking of claims of different classes of creditors of ALE Property Trust and ALE Direct Property Trust).

1.6 Investor protections

1.6.1 What are the Events of Default?

The Events of Default are:

- (a) ALE Property Trust fails to pay any amount payable by it under any ALE Notes 2 within three Business Days after the due date;
- (b) an Insolvency Event occurs in respect of ALE Property Trust; and
- (c) it is, or becomes, unlawful for ALE Property Trust to perform any of its payment obligations under the ALE Notes 2.

1.6.2 What happens on an Event of Default?

If any Event of Default occurs and is continuing, then the Trustee may by written notice to ALE Property Trust declare:

- the Redemption Value and all accrued interest (if any) applicable to each ALE Note 2 to be due and payable immediately or as directed by the Trustee; and/or
- that the Distribution Stopper will apply.

If an Event of Default occurs and is continuing, subject to the terms of the Trust Deed, the Trustee must call a meeting of Holders as soon as is reasonably practicable after becoming aware of the Event of Default, provided it shall have been indemnified and/or secured (by way of advance payment or otherwise) to its satisfaction (acting reasonably).

The rights of Holders to take action to enforce their rights following an Event of Default are vested in the Trustee. The Trustee is only required to take action to enforce if it is requested to take action by Holders who hold in aggregate more than 25% of the Face Value of all ALE Notes 2 then outstanding, or by a Holder Resolution.

1.6.3 What is the Distribution Stopper?

There is a prohibition on ALE Property Trust making any distributions or dividends to Stapled Securityholders if any interest or Redemption Value is not paid when due, if there is a breach of the Gearing Covenant, or if the Trustee declares that this prohibition will apply while an Event of Default is subsisting. This is referred to as the Distribution Stopper.

1.6.4 Are there any Gearing Covenants?

The ALE Notes 2 Terms of Issue include a Gearing Covenant which provides that if ALE Property Trust increases Finance Debt, reduces the number of Stapled Securities on issue or pays any Special Distribution, which results in Gearing exceeding 67.5%, ALE Property Trust will not be able to pay distributions to Stapled Securityholders and the Interest Rate applying to all interest entitlements will be increased to the Higher Rate until the breach is remedied.

The Gearing Covenant will not be breached if Gearing increases above 67.5% for reasons other than ALE Property Trust taking the actions listed above (for example due to a change in the value of the assets of the ALE Property Group).

1.7 Potential investment risks

There are risks associated with an investment in ALE Notes 2, as well as risks associated with an investment in ALE Property Group generally.

Please refer to Section 5.

1.7.1 Risks relating to ALE Notes 2 including market liquidity and price

There are risks associated with the nature of the ALE Notes 2.

There may be little or no liquidity in the market for ALE Notes 2. The market for ALE Notes 2 may be less liquid than the market for Stapled Securities. Holders may be unable to sell their ALE Notes 2 for an acceptable price or at all.

The Interest Rate is variable and fluctuations in that rate may adversely affect the returns from an investment in ALE Notes 2.

The way that ALE Property Group is structured means that the claims of ALE Notes 2 are, in effect, subordinated to the payment of creditors of ALE Direct Property Trust. This is because most of the assets of the ALE Property Group are held by ALE Direct Property Trust. If ALE Direct Property Trust becomes insolvent, payments to Holders of ALE Notes 2 will be made after payment in full of all amounts due and payable in respect of finance debt of ALE Direct Property Trust (whether secured, senior unsecured or subordinated) and all amounts due to trade and other creditors of ALE Direct Property Trust.

1.7.2 Risks relating to ALE Property Group including financial position and performance

The market price of ALE Notes 2 may be affected by ALE Property Group's financial position and performance. ALE Property Trust's financial position will affect whether payments due under the ALE Notes 2 are paid.

Specific risks associated with the ALE Property Group include:

- (a) its exposure to the credit risk of ALH as a single tenant (see Section 5.3.1);
- (b) the risks associated with refinancing existing debt instruments and facilities, including a significant portion of total debt maturing between May and September 2011 (see Section 5.3.2);
- (c) risks relating to the value of the pubs owned by ALE Property Group, and its ability to sell pubs in future if required (see Section 5.3.3 and 5.3.7); and
- (d) risks related to its financial instruments and default by the counterparties to them (see Section 5.3.10).

1.7.3 Risks relating to ALE Property Trust's exposure to ALH

ALE Property Group depends on cash flow from the payment of rent by ALH in order to meet payment obligations under the ALE Notes 2. Risks affecting the financial performance of ALH may affect the value of, and returns from, an investment in ALE Notes 2. Adverse changes in the hotel, gaming and retail liquor industries, adverse competitive pressures or changes in regulation may affect the credit risk of ALH, which could impact on the ALE Property Group and an investment in ALE Notes 2.

Please refer to Section 5.3.6 for further details.



SECTION 2
DETAILS OF THE OFFER

/ 2



The Crows Nest Hotel
Crows Nest, Sydney, NSW

SECTION 2 DETAILS OF THE OFFER

This Section sets out:

- (a) who the Offer is made to;
- (b) what you must do if you wish to apply for ALE Notes 2 ;
- (c) details of ASX quotation and trading; and
- (d) other information relevant to the Offer and your Application.

2.1 Offer

The Offer is for the issue of ALE Notes 2 to raise approximately \$100 million.

There is no minimum amount to be raised by the Offer.

The Offer of ALE Notes 2 comprises:

- (a) an ALE Stapled Securityholder Offer made to ALE Stapled Securityholder Applicants;
- (b) an ALE Notes Reinvestment Offer made to ALE Notes Reinvestment Applicants;
- (c) a General Offer made to General Applicants;
- (d) a Broker Firm Offer made to Broker Firm Applicants; and
- (e) an Institutional Offer made to certain Institutional Investors.

Certain foreign selling restrictions apply to ALE Notes 2 in foreign jurisdictions – see Section 7.8.

For details of how to apply for ALE Notes 2 under the Offer – see Section 2.2.1.

2.1.1 What is the ALE Notes Reinvestment Offer?

The ALE Notes Reinvestment Offer refers to the offer to holders of existing ALE Notes shown on the Register as at 7:00pm (AEST) on Friday 19 March 2010 to subscribe for ALE Notes 2. It also refers to the offer by ALE Property Trust to a buy-back of existing ALE Notes for \$102.50 per existing ALE Note, known as the Buy-Back Amount. Each ALE Notes Holder who elects for ALE Property Trust to buy-back some or all of their ALE Notes will be entitled to the Buy-Back Proceeds, which is calculated as the amount of ALE Notes successfully bought back by ALE Property Trust multiplied by the Buy-Back Amount. ALE Property Trust will automatically reinvest the Buy-Back Proceeds into the maximum number of ALE Notes 2 possible. If your Buy-Back Proceeds exceed your Application Payment, any stub Buy-Back Proceeds amount will be refunded to you (without interest) as soon as practicable after the Issue Date.

Please note that you may elect to have some, all or none of your ALE Notes bought back by ALE Property Trust.

If you are a holder of existing ALE Notes as shown on the Register as at 7:00pm (AEST) on Friday 19 March 2010, you may apply for ALE Notes 2 as an ALE Notes Reinvestment Applicant even if you choose not to have your existing ALE Notes bought back.

If you wish to have some or all of your existing ALE Notes bought back by ALE Property Trust, you will need to indicate on the Green Priority & Reinvestment Application Form the number of your ALE Notes you wish to be bought back by ALE Property Trust.

In addition, if there is excess demand for ALE Notes 2 and ALE Notes Reinvestment Applicants cannot have their ALE Notes bought back and reinvested in full, then ALE Property Trust will allow ALE Notes Holders to nominate to have the remaining ALE Notes that were elected to be bought back, but were not, to either be bought back for cash equal to the Buy-Back Amount per remaining ALE Note or remain unpurchased. ALE Property Trust retains full discretion to buy back any remaining ALE Notes in cash.

Interest on existing ALE Notes will be paid to you by the ordinary method reflecting interest accrued up until the date of the buy-back, expected to be 29 April 2010.

If there is excess demand for ALE Notes 2 after allocations to Institutional Investors and Syndicate Brokers, priority will be given to ALE Notes Reinvestment Applicants and ALE Stapled Securityholder Applicants over General Applicants. See Section 2.2.1 on applying for ALE Notes 2 under the ALE Notes Reinvestment Offer.

Taxation consequences of disposing of existing ALE Notes under the ALE Notes Reinvestment Offer

The taxation information provided below is intended as a brief guide only and applies to Australian tax resident investors who are not traders or are not carrying on a business which includes deriving gains from the disposal of the ALE Notes. Holders of existing ALE Notes who wish to participate in the ALE Notes Reinvestment Offer should seek professional taxation advice in relation to their position in relation to the ALE Notes Reinvestment Offer.

Participation in the buy-back of existing ALE Notes by ALE Notes Holders will represent a disposal of those ALE Notes for tax purposes. Any gain will be treated as assessable income. A capital gains tax event will also occur upon the buy-back of the ALE Notes and may give rise to a capital gain. However, that capital gain will be reduced to the extent that the gain is already recognised as assessable income, that is, there is no double taxation. Any losses arising from the buy-back of the ALE Notes will not give rise to revenue losses. Any losses will however constitute capital losses for the ALE Notes Holder.

The above will apply whether or not any or all Buy-Back Proceeds are applied as subscription for ALE Notes 2.

2.1.2 Australian and New Zealand resident ALE Stapled Securityholder Applicants 'ALE Notes Reinvestment Applicants and General Applicants

If you apply online, you will be required to pay for ALE Notes 2 using BPAY® – see Section 2.3.1 for BPAY® payment instructions.

BPAY® is an electronic payment service that enables you to pay for your ALE Notes 2 directly from your cheque or savings account online through participating Australian banks, credit unions or building societies. Please note you must have an Australian dollar denominated bank account with an Australian financial institution to apply and New Zealand bank accounts will not be accepted.

Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® and payment cut-off times may vary between different financial institutions. For more information, please see www.bpay.com.au or your own financial institution.

To apply using the Blue Priority Application Form, the Green Priority & Reinvestment Application Form or under the General Offer using the White General and Broker Firm Application Form, Application Payments must be in the form of cheque(s) and/or money order(s) drawn on an Australian dollar denominated account of an Australian financial institution.

2.2 Obtaining a Prospectus and Application Form

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.alegroup.com.au. Application Forms will not be made available until after the Exposure Period. During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at www.alegroup.com.au and may be available through your Syndicate Broker. If you access an electronic copy of this Prospectus, then you should read the paragraphs below and the "Electronic access to Prospectus" paragraph in the "Important Information" section at the start of this Prospectus. During the Offer Period, you can also request a free paper copy of this Prospectus and Application Form by calling the ALE Information Line on 1800 106 756 (within Australia) or +61 3 9415 4613 (international) (Monday to Friday – 8:30am to 5:00pm AEST).

The Corporations Act prohibits any person from passing an Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have made your Application Payment.

Please refer to the Key Dates as set out on page 9.

Applying for ALE Notes 2 – ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer

2.2.1 Overview

Who can apply for ALE Notes 2?	How many ALE Notes 2 can you apply for?	When to apply ¹	How do I apply online?	How do I apply using a paper Application Form?
<p>ALE Stapled Securityholder Applicant – that is, a Stapled Securityholder shown on the Register at 7:00pm AEST on 19 March 2010 with an address in Australia or New Zealand – applying through the ALE Stapled Securityholder Offer.</p>	<p>Your Application must be for a minimum of 50 ALE Notes 2 being \$5,000.</p> <p>ALE Property Trust, in consultation with the Lead Manager, reserves the right to reject any Application, or to allocate any ALE Stapled Securityholder Applicant a lesser number of ALE Notes 2 than applied for.</p>	<p>Applications will only be accepted during the Offer Period, which will open on 1 April 2010. The Closing Date² for the ALE Stapled Securityholder Offer is 5:00pm AEST on 21 April 2010.</p> <p>Your completed personalised Blue Priority Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>You can apply online at www.alegroup.com.au.</p> <p>Instructions on how to complete your Application are provided online.</p> <p>You will be asked to identify the holding that gives you the entitlement to apply by providing your SRN or HIN which can be found on your existing ALE Stapled Securityholder holding statement or payment advice.</p> <p>When applying online, you will be required to pay for ALE Notes 2 using BPAY[®] – see Section 2.3.1.</p>	<p>You can request a paper copy of the Prospectus and your personalised Blue Priority Application Form by calling the ALE Information Line on 1800 106 756 (within Australia) or +61 9415 4613 (international) (Monday to Friday – 8:30am to 5:00pm AEST).</p> <p>Instructions on how to complete your personalised Blue Priority Application Form are set out on the Application Form.</p> <p>You will be required to pay for ALE Notes 2 by 21 April 2010. The method of payment may be either by cheque(s) and/or money order(s) – see Section 2.3.1.</p> <p>You will be required to post your completed personalised Blue Priority Application Form to the Registry – see Section 2.2.2.</p> <p>BPAY[®] is not available for ALE Stapled Securityholder Applicants using a personalised Blue Priority Application Form. If you wish to pay by BPAY[®] you need to make an online Application.</p>

¹ The key dates for the Offer are indicative only and may change without notice. ALE and the Lead Manager may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before ALE Notes 2 are issued.

² The ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer.

Who can apply for ALE Notes 2?	How many ALE Notes 2 can you apply for?	When to apply ¹	How do I apply online?	How do I apply using a paper Application Form?
<p>ALE Notes Reinvestment Applicant – that is, an existing ALE Notes Holder shown on the Register at 7:00pm AEST on 19 March 2010 with an address in Australia or New Zealand – applying through the ALE Notes Reinvestment Offer.</p>	<p>There is no minimum holding of existing ALE Notes required to participate in the ALE Note buy-back process.</p> <p>If your Buy-Back Proceeds exceed your Application Payment, any stub Buy-Back Proceeds amount will be refunded to you (without interest) as soon as possible after the Issue Date.</p> <p>If you elect to participate in the buy-back process, you are not subject to any minimum application amount for additional ALE Notes 2.</p> <p>If you do not elect to participate in the ALE Notes buy-back process, your Application must be for a minimum of 50 ALE Notes 2 (\$5,000).</p> <p>ALE Property Trust, in consultation with the Lead Manager, reserves the right to reject any Application, or to allocate any ALE Notes Reinvestment Applicant a lesser number of ALE Notes 2 than applied for.</p>	<p>Applications will only be accepted during the Offer Period, which will open on 1 April 2010. The Closing Date² for the ALE Notes Reinvestment Offer is 5:00pm AEST on 21 April 2010.</p> <p>Your completed personalised Green Priority & Reinvestment Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>You can apply online at www.alegroup.com.au.</p> <p>Instructions on how to complete your Application are provided online.</p> <p>You will be asked to identify the holding that gives you the entitlement to apply by providing your SRN or HIN which can be found on your existing ALE Notes holding statement or payment advice.</p> <p>When applying online, you will be required to pay for ALE Notes 2 using BPAY[®] – see Section 2.3.1.</p>	<p>You can request a paper copy of the Prospectus and your personalised Green Priority & Reinvestment Application Form by calling the ALE Information Line on 1800 106 756 (within Australia) or +61 9415 4613 (international) (Monday to Friday – 8:30am to 5:00pm AEST).</p> <p>Instructions on how to complete your personalised Green Priority & Reinvestment Application Form are set out on the Application Form.</p> <p>You will be required to pay for ALE Notes 2 by 21 April 2010. The method of payment may be either by cheque(s) and/or money order(s). If you wish to participate in the ALE Note buy-back process, you will only need to forward the amount by which your Application Payment exceeds your Buy-Back Proceeds – see Section 2.3.1.</p> <p>You will be required to post your completed personalised Green Priority & Reinvestment Application Form to the Registry – see Section 2.2.2.</p> <p>BPAY[®] is not available for ALE Notes Reinvestment Applicants using a personalised Green Priority & Reinvestment Application Form. If you wish to pay by BPAY[®] you need to make an online Application.</p>

¹ The key dates for the Offer are indicative only and may change without notice. ALE and the Lead Manager may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before ALE Notes 2 are issued.

² The ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer.

Who can apply for ALE Notes 2?	How many ALE Notes 2 can you apply for?	When to apply ¹	How do I apply online?	How do I apply using a paper Application Form?
<p>General Applicant – that is a member of the general public who is an Australian or New Zealand resident – applying through the General Offer.</p> <p>A Stapled Securityholder or an existing ALE Notes holder who does not use their personalised Blue Priority Application Form or Green Priority & Reinvestment Application Form will be recorded as a General Applicant.</p>	<p>Your Application must be for a minimum of 50 ALE Notes 2 being \$5,000.</p> <p>ALE Property Trust, in consultation with the Lead Manager, reserves the right to reject any Application, or to allocate any General Applicant a lesser number of ALE Notes 2 than applied for.</p>	<p>Applications will only be accepted during the Offer Period, which will open on 1 April 2010.</p> <p>The Closing Date² for the General Offer is 5:00pm AEST on 21 April 2010.</p> <p>Your completed White General and Broker Firm Offer Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>You can apply online at www.alegroup.com.au.</p> <p>Instructions on how to complete your Application are provided online.</p> <p>When applying online, you will be required to pay for ALE Notes 2 using BPAY® – see Section 2.3.1.</p>	<p>There are White General and Broker Firm Application Forms contained in the back of this Prospectus that should be used by General Applicants. You can request a paper copy of the Prospectus White General and Broker Firm Application Forms by calling the ALE Information Line on 1800 106 756 (within Australia) or +61 9415 4613 (international) (Monday to Friday – 8:30am to 5:00pm AEST).</p> <p>Instructions on how to complete the White General and Broker Firm Application Forms are set out on the Application Form.</p> <p>If applying using the White General and Broker Firm Application Forms, you will be required to pay for ALE Notes 2 using cheque(s) and/or money order(s) – see Section 2.3.1.</p> <p>You will be required to post your completed personalised White General and Broker Firm Application Forms to the Registry – see Section 2.2.2.</p> <p>BPAY® is not available for General Applicants using a White General and Broker Firm Application Forms. If you wish to pay by BPAY® you need to make an online Application.</p>

1 The key dates for the Offer are indicative only and may change without notice. ALE and the Lead Manager may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before ALE Notes 2 are issued.

2 The ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer.

Applying for ALE Notes 2 – Broker Firm Offer and Institutional Offer

2.2.1 Overview

Who can apply for ALE Notes 2?	How many ALE Notes 2 can you apply for?	When to apply ¹	How do I apply?
<p>Broker Firm Applicants – that is, a retail client of a Syndicate Broker – invited to participate through the Broker Firm Offer.</p>	<p>Your Application must be for a minimum of 50 ALE Notes 2 being \$5,000.</p> <p>Your Syndicate Broker will inform you of your allocation.</p>	<p>Applications will only be accepted during the Offer Period, which will open on 1 April 2010.</p> <p>The Closing Date² for the Broker Firm Offer is 5:00pm AEST on 27 April 2010.</p> <p>Your completed White General and Broker Firm Application Form and Application Payment must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.</p>	<p>There are White General and Broker Firm Application Forms in the back of this Prospectus that should be used by Broker Firm Applicants.</p> <p>General instructions on how to complete the White General and Broker Firm Application Form are set out on the application form.</p> <p>You must contact your Syndicate Broker for their specific instructions on how to submit the White General and Broker Firm Application Form and your Application Payment to your Syndicate Broker.</p> <p>You must NOT return your White General and Broker Firm Application Form to the Registry.</p> <p>Your Syndicate Broker:</p> <ul style="list-style-type: none"> – must have received your completed White General and Broker Firm Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – being 5:00pm AEST on 27 April 2010; and – will act as your agent in processing your White General and Broker Firm Application Form and providing your Application details and Application Payment to ALE.
<p>Institutional Investor – that is, an investor who was invited by the Lead Manager to bid for ALE Notes 2 in the Bookbuild and who is not an ALE Stapled Securityholder Applicant, ALE Notes Reinvestment Applicant, General Applicant or Broker Firm Applicant – applying through the Institutional Offer.</p>	<p>Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus.</p>	<p>The Bookbuild will be conducted on 31 March 2010.</p>	<p>Application and settlement procedures for Institutional Investors will be advised by the Lead Manager.</p>

¹ The key dates for the Offer are indicative only and may change without notice. ALE and the Lead Manager may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before ALE Notes 2 are issued.

² The ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer.

2.2.2 Delivering paper Application Forms – ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer

If you are an **ALE Stapled Securityholder Applicant** returning the Blue Priority Application Form and paying by cheque and/or money order, you must return your completed paper Application Form and Application Payment to the address below so that they are received by the Registry before the Closing Date, which is **5:00pm AEST on 21 April 2010**. Check with Australia Post or New Zealand Post for delivery times if you are unsure.

By mail to the Registry:

ALE Notes 2 Offer
Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

If you are an **ALE Notes Reinvestment Applicant** returning the Green Priority & Reinvestment Application Form and paying by cheque(s) and/or money order(s), you must return your completed paper Application Form and Application Payment to the address below so that they are received by the Registry before the Closing Date, which is **5:00pm AEST on 21 April 2010**. Check with Australia Post or New Zealand Post for delivery times if you are unsure.

By mail to the Registry:

ALE Notes 2 Offer
Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001
Australia

If you are a **General Applicant** returning the White General and Broker Firm Application Form and paying by cheque and/or money order, you must return your completed paper Application Form and Application Payment to the address below so that they are received by the Registry before the Closing Date, which is **5:00pm AEST on 21 April 2010**. Check with Australia Post or New Zealand Post for delivery times if you are unsure.

By mail to the Registry:

ALE Notes 2 Offer
Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001
Australia

Paper Application Forms and Application Payments will not be accepted at any other address or office without prior arrangements and will not be accepted at ALE Property Trust's registered office or any other ALE Property Trust office or branch or at other Computershare offices or branches.

2.3 How to pay

2.3.1 Overview

	Online	Paper Application Form
ALE Stapled Securityholder Offer	<p>If you apply using an online Application Form at www.alegroup.com.au, you must complete your Application by making a BPAY® payment.</p> <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Once you have completed your online Application Form, you will be given a BPAY® biller code and unique Customer Reference Number for that application. Follow the BPAY® instructions below to complete your Application. If you do not make a BPAY® payment on the same day you complete your online Application Form your Application will be incomplete and will not be accepted by ALE Property Trust.</p> <p>Using the provided BPAY® details, you need to:</p> <ul style="list-style-type: none"> – access your participating BPAY® financial institution either through telephone banking or internet banking; – select BPAY® and follow the prompts; – enter the biller code supplied; – enter the unique Customer Reference Number supplied for each Application; – enter the total amount to be paid which corresponds to the number of ALE Notes 2 you wish to apply for under each Application (that is, a minimum of \$5,000 – 50 ALE Notes 2). Note that your financial institution may apply limits on your use of BPAY® and that you should make enquiry about the limits that apply in your own personal situation; – select the account you wish your payment to be made from; – schedule your payment for the same day that you completed your online Application Form since Applications without payment cannot be accepted; and – record your BPAY® receipt number and date paid. Retain these details for your records. <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>If you apply under the ALE Stapled Securityholder Offer using a personalised Blue Priority Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution and made payable to “ALE Notes 2 Offer”.</p> <p>Cheque(s) should be crossed “Not Negotiable”. Cash payments will not be accepted.</p> <p>If you wish to pay by BPAY®, you will need to make an online Application – see left.</p> <p>You cannot pay by BPAY® if you apply under the ALE Stapled Securityholder Offer using a personalised Blue Priority Application Form. If you wish to pay by BPAY®, you will need to make an online Application – see left.</p> <p>Your completed personalised Blue Priority Application Form and Application Payment must be received by the Registry by the Closing Date.</p>

	Online	Paper Application Form
ALE Notes Reinvestment Offer	<p>If you apply using an online Application Form at www.alegroup.com.au, you must complete your Application by making a BPAY® payment.</p> <p>If you wish to participate in the ALE Note buy-back process, you will only need to forward the amount by which your Application Payment exceeds your Buy-Back Proceeds. If your Buy-Back Proceeds exceed your Application Payment, any stub Buy-Back Proceeds amount will be refunded to you (without interest) as soon as possible after the Issue Date.</p> <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Once you have completed your online Application Form, you will be given a BPAY® biller code and unique Customer Reference Number for each of your Applications. Follow the BPAY® instructions above for the ALE Stapled Securityholder Offer to complete your Application. If you do not make a BPAY® payment on the same day you complete your online Application Form your Application will be incomplete and will not be accepted by ALE Property Trust.</p> <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>If you apply under the ALE Notes Reinvestment Offer using a personalised Green Priority & Reinvestment Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution and made payable to 'ALE Notes 2 Offer'.</p> <p>Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.</p> <p>If you wish to participate in the ALE Note buy-back process, you will only need to forward the amount by which your Application Payment exceeds your Buy-Back Proceeds. If your Buy-Back Proceeds exceed your Application Payment, any stub Buy-Back Proceeds amount will be refunded to you (without interest) as soon as possible after the Issue Date.</p> <p>If you wish to pay by BPAY®, you will need to make an online Application – see left.</p> <p>You cannot pay by BPAY® if you apply under the ALE Notes Reinvestment Offer using a personalised Green Priority & Reinvestment Application Form. If you wish to pay by BPAY®, you will need to make an online Application – see left.</p> <p>Your completed personalised Green Priority & Reinvestment Application Form and Application Payment must be received by the Registry by the Closing Date.</p>
General Offer	<p>If you apply using an online Application Form at www.alegroup.com.au, you must complete your Application by making a BPAY® payment.</p> <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Once you have completed your online Application Form, you will be given a BPAY® biller code and unique Customer Reference Number for each of your Applications. Follow the BPAY® instructions above for the ALE Stapled Securityholder Offer to complete your Application. If you do not make a BPAY® payment on the same day you complete your online Application Form your Application will be incomplete and will not be accepted by ALE Property Trust.</p> <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>	<p>If you apply under the General Offer using a White General and Broker Firm Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution and made payable to "ALE Notes 2 Offer".</p> <p>Cheque(s) should be crossed "Not Negotiable". Cash payments will not be accepted.</p> <p>You cannot pay by BPAY® if you apply under the General Offer using a White General and Broker Firm Application Form. If you wish to pay by BPAY®, you need to make an online Application – see left.</p> <p>Your completed White General and Broker Firm Application Form and Application Payment must be received by the Registry by the Closing Date.</p>
Broker Firm Offer	<p>You must contact your Syndicate Broker for information on how to submit the White General and Broker Firm Application Form and your Application Payment to your Syndicate Broker. This may include an online application and payment facility.</p> <p>Your Syndicate Broker must have received your completed White General and Broker Firm Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer.</p>	

2.3.2 Brokerage and stamp duty

No brokerage or stamp duty is payable on your Application. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your ALE Notes 2 on ASX after ALE Notes 2 have been quoted on ASX.

2.3.3 Application Payments held on trust

All Application Payments received before ALE Notes 2 are issued will be held by ALE on trust in an account established solely for the purpose of depositing Application Payments received. Any interest that accrues in that account will be retained by ALE Property Trust. After ALE Notes 2 are issued to successful Applicants, the Application Payments held on trust will be payable to ALE Property Trust.

2.3.4 Refunds

If you are not allotted any ALE Notes 2, or you are allotted fewer ALE Notes 2 than the number that you applied and paid for as a result of a scale back, or your Buy-Back Proceeds exceed your Application Payment, all or some of your Application Payment (as applicable) will be refunded to you (without interest) as soon as possible after the Issue Date. In the event that the Offer does not proceed for any reason, all Applicants will have their Application Payments refunded (without interest) as soon as possible.

2.4 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your ALE Notes 2. For information about the acknowledgements and privacy statement in relation to personal information that you provide to ALE Property Trust by completing an Application Form – see Section 7.9.

2.5 Allocation policy

The allocation policy for Syndicate Brokers and Institutional Investors will be determined under the Bookbuild – see Section 2.5.1. The Bookbuild allocation will be agreed by the Lead Manager and ALE Property Trust following completion of the Bookbuild.

Allocations to Broker Firm Applicants are at the discretion of the relevant Syndicate Broker.

Allocations for the ALE Stapled Securityholder Offer, the ALE Notes Reinvestment Offer and the General Offer will be determined by ALE Property Trust in consultation with the Lead Manager after the Closing Date. There is no specified proportion of the Offer that may be allocated to the ALE Stapled Securityholder Offer, the ALE Notes Reinvestment Offer or the General Offer. If there is excess demand for ALE Notes 2 after allocations to Institutional Investors and Syndicate Brokers, priority will be given to ALE Stapled Securityholder Applicants and ALE Notes Reinvestment Applicants over General Applicants and as such, General Applicants may not be allocated any ALE Notes 2.

ALE Property Trust (at its discretion and in consultation with the Lead Manager) reserves the right to scale back Applications from ALE Stapled Securityholder Applicants, ALE Notes Reinvestment Applicants and General Applicants. Any scale back will be announced on ASX on the day ALE Notes 2 commence trading on a deferred settlement basis – expected to be 30 April 2010.

2.5.1 Bookbuild

The Bookbuild is a process that is conducted by the Lead Manager in consultation with ALE Property Trust before the Opening Date to determine the Margin and firm allocations of ALE Notes 2 to Syndicate Brokers and Institutional Investors. In this process, the Syndicate Brokers (including the Lead Manager) and Institutional Investors are invited to lodge bids for a number of ALE Notes 2. On the basis of those bids, the Lead Manager and ALE Property Trust will, by mutual agreement, determine the Margin and the firm allocations to Syndicate Brokers and Institutional Investors. The Bookbuild will be conducted in the manner contemplated in this Prospectus and otherwise on the terms and conditions agreed to by ALE Property Trust and the Lead Manager in the Offer Management Agreement – see Section 7.4.

2.6 ASX quotation, holding statements and other information

2.6.1 ASX quotation

ALE Property Trust will apply to ASX for ALE Notes 2 to be quoted on ASX. If ASX does not grant permission for ALE Notes 2 to be quoted within three months after the date of this Prospectus, ALE Notes 2 will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

It is expected that ALE Notes 2 will begin trading on ASX on a deferred settlement basis on 30 April 2010 under ASX code "LEPHC". Trading is expected to continue on that basis until 5 May 2010, when it is anticipated that trading of ALE Notes 2 will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before entries are made by the Registry in respect of your holdings of ALE Notes 2 and before Holding Statements are despatched to successful Applicants.

You are responsible for confirming your holding before trading in ALE Notes 2. If you are a successful Applicant and you sell your ALE Notes 2 before you receive your Holding Statement, you do so at your own risk.

You may call the ALE Information Line on 1800 106 756 (within Australia) or +61 3 9415 4613 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or your Syndicate Broker after the Issue Date to enquire about your allocation.

2.6.2 Holding Statements

ALE Property Trust will apply for ALE Notes 2 to participate in CHESS. No certificates will be issued for ALE Notes 2. ALE Property Trust expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to successful Applicants by 5 May 2010.

2.6.3 Provision of bank account details for interest

ALE Property Trust's current policy is that interest will be paid by direct credit into nominated Australian financial institution accounts (excluding credit card accounts).

2.6.4 Provision of Tax File Number or Australian Business Number

If you are an ALE Stapled Securityholder Applicant, ALE Notes Reinvestment Applicant or a General Applicant who has not already quoted your TFN or ABN to the Registry and you are issued any ALE Notes 2, then the Registry may contact you to obtain your TFN, ABN or both. The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act. You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, in respect of ALE Notes 2 Holders who have a registered address in Australia, ALE may be required to withhold Australian tax at the maximum marginal tax rate (currently 46.5% including the Medicare levy) on the amount of any interest unless you provide one of the following:

- (a) TFN;
- (b) TFN exemption number (if applicable); or
- (c) ABN (if ALE Notes 2 are held in the course of an enterprise carried on by you).

Successful Applicants who do not have a registered address in Australia are not required to provide a TFN or ABN.

2.7 Enquiries

2.7.1 ALE Stapled Securityholder Applicants, ALE Notes Reinvestment Applicants and General Applicants

You can call the ALE Information Line on 1800 106 756 (within Australia) or +61 3 9415 4613 (Monday to Friday – 8:30am to 5:30pm AEST) if you:

- (a) have further questions on how to apply for ALE Notes 2;
- (b) require assistance to complete your Application Form;
- (c) require additional copies of this Prospectus and Application Forms; or
- (d) have any other questions about the Offer.

2.7.2 Broker Firm Applicants

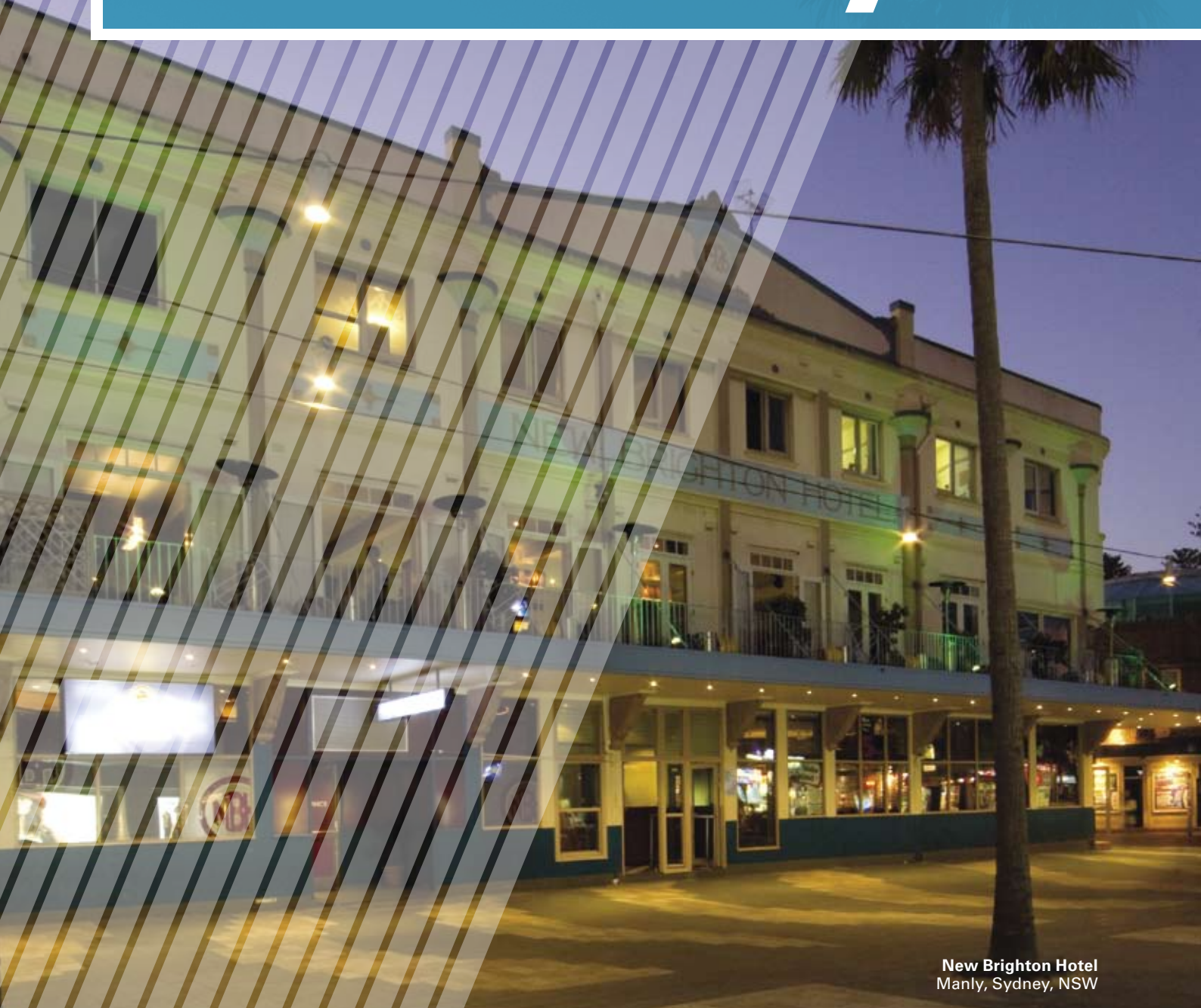
If you have further questions about the Broker Firm Offer or your Broker Firm Application, you must contact your Syndicate Broker.

If you are unclear in relation to any matter relating to the Broker Firm Offer or are uncertain whether ALE Notes 2 are a suitable investment for you, you should consult your financial adviser or other professional adviser.



SECTION 3
ALE PROPERTY GROUP

/ 3



New Brighton Hotel
Manly, Sydney, NSW

SECTION 3 ALE PROPERTY GROUP

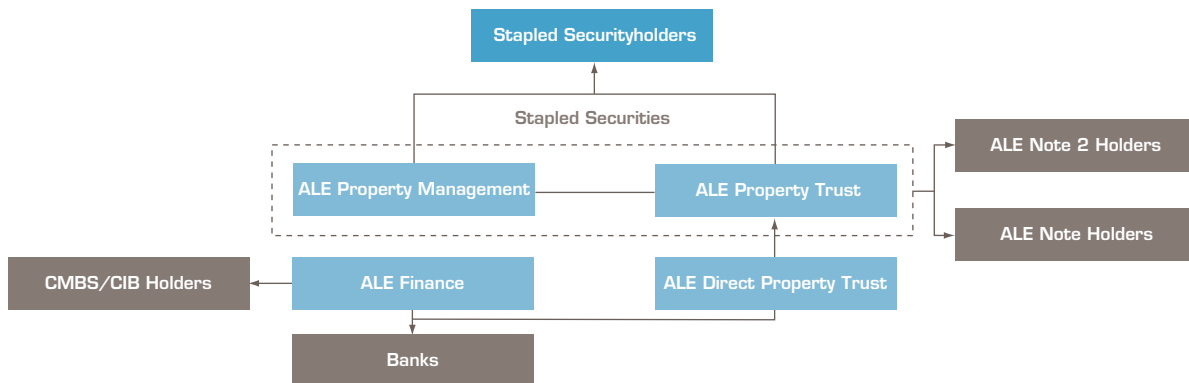
3.1 Overview

ALE Property Group is Australia's largest listed freehold owner of hotels and pubs. ALE Property Group utilises a stapled security structure, comprising ALE Property Trust and ALE Property Management.

ALE Property Trust was established in 2003 as part of the divestment by Foster's of its hotel operations business, which was conducted through its then wholly owned subsidiary ALH. At that time, ALE Property Trust acquired, through its wholly owned sub-trust ALE Direct Property Trust, the freehold title to 105 hotels owned by Foster's. The original portfolio of hotels was then leased to ALH.

ALE Property Management, the responsible entity of ALE Property Trust, manages ALE Property Trust as a passive owner of investment properties (hotels and pubs). The tenant, ALH, owns the plant, furniture, equipment, gaming and liquor licences and goodwill associated with the properties. ALH and not ALE Direct Property Trust is entitled to the benefits and proceeds, and bears the risks and costs, associated with the development of hotels in the Portfolio, subject to certain conditions, and subject to ALE Direct Property Trust being kept whole.²

ALE Property Group currently owns 89 properties, all leased to ALH, and seeks to deliver stable and growing rental income, minimise any development risks, manage its capital expenditure and financing requirements and where appropriate make prudent and value accretive acquisitions. The following diagram provides an outline of the main entities of the ALE Property Group.



² For 86 of the 89 properties in the Portfolio.



3.2 Directors

Peter Warne

BA

Chairman/Independent Director

Peter was appointed Chairman and non-executive Director of ALE Property Group 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 Macquarie Bank Limited (MBL) to assist with integration issues when the investment banking business of BTAL was acquired by MBL 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.

Andrew Wilkinson

BBus, CFTP

Managing Director

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

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

John Henderson

BBldg, MRICS, AAPI

Independent Director

John was appointed as a non-executive Director of ALE Property Group in August 2003.

John has been a Director of MarksHenderson Pty Ltd since 2001 and is actively involved in the acquisition of investment property. Previously an International Director at Jones Lang LaSalle and Managing Director of the Sales and Investment Division, he was responsible for overseeing the larger property sales across Australasia, liaising with institutional and private investors, and coordinating international investment activities.

John graduated from the University of Melbourne and is a member of the Royal Institution of Chartered Surveyors, is an associate of the Australian Property Institute and is a licensed real estate agent.

James McNally

BBus (Land Economy), Dip Law

Executive Director

James was appointed as an executive Director of ALE Property Group 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 ALE.

James' qualifications include a Bachelor of Business in Land Economy (Hawkesbury Agricultural College) and a Diploma of Law (Legal Practitioners Admission Board). He is a registered valuer and licensed real estate agent.

Helen Wright

LLB, MAICD

Independent Director

Helen was appointed as a non-executive Director of ALE Property Group 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 Member, Local Government Remuneration Tribunal for NSW and until recently was the Statutory and Other Offices Remuneration Tribunal.

Prior appointments include 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 Harvard Graduate School of Business.

3.3 Portfolio

OVERVIEW

ALE Property Group currently owns 89 properties and seeks to deliver stable and growing rental income, minimise development and capital expenditure risk and make prudent and value accretive acquisitions.

87 of 89 hotels in the Portfolio are subject to long-term Triple-Net Leases (the remainder of the Leases are Double-Net Leases).

A summary of the terms and conditions of each type of lease is shown in the table below.

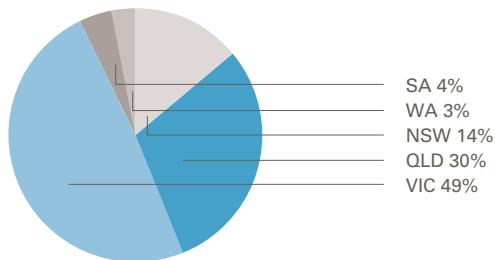
Detail	Portfolio (other than Pritchards, Balmoral and Brass Monkey Hotels)	Pritchards Hotel	Balmoral Hotel	The Brass Monkey
Lease Type	Triple-Net Leases	Triple-Net Lease	Double-Net Lease	Double-Net Lease
Number	86	1	1	1
Initial Term	25 years	15 years	15.5 years	10 years
Remaining Term (to the nearest year)	average of nearly 19 years	10 years	8 years	5 years
Renewal Options	4 x 10 years at option of the tenant	4 x 10 years at option of the tenant	2 x 5 years at option of the tenant	2 x 5 years at option of the tenant
Annual Rent Review	CPI increase	3% fixed increase	CPI increase (max 5%)	CPI increase
Market Rent Review	15th anniversary of commencement date (no more than 10% increase or decrease)	No	No	Yes (on option renewal dates, if exercised)
Responsibility for:				
– outgoing	ALH	ALH	ALH	ALH
– land tax ¹	ALH	ALH	ALH	ALH
– insurance	ALH	ALH	ALH	ALH
– maintenance	ALH	ALH	ALH	ALH
– repairs	ALH	ALH	ALE	ALE

¹ Other than land tax in Queensland. ALE Property Group pays land tax for all Queensland properties.

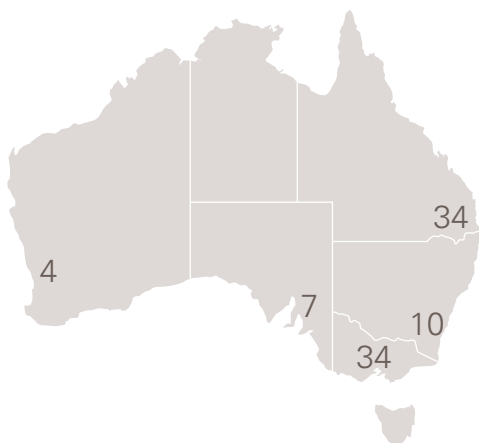
PORTFOLIO DIVERSIFICATION

	Number of properties	Value (\$m)	Average value (\$m)	Weighted average Capitalisation Rate
NSW	10	101.2	10.1	6.61%
QLD	34	225.2	6.6	6.26%
VIC	34	356.9	10.5	6.61%
SA	7	32.0	4.6	6.19%
WA	4	25.9	6.5	6.31%
Total/weighted average	89	741.2	8.5	6.48%

PORTFOLIO DIVERSIFICATION BY VALUE



PORTFOLIO DIVERSIFICATION BY NUMBER OF HOTELS



RECENT ASSET SALES

As part of capital management initiatives announced in August 2009 ALE Property Group has sold 16 hotels for a combined \$101 million in the last nine months. The asset sales represent an average Capitalisation Rate of 5.98% compared to the June and December 2009 average carrying value Capitalisation Rate of 6.45%.

The sale prices achieved represented a 55.03% increase in the price of the hotels compared to when they were acquired in November 2003.

3.3.1 ALH

ALH is currently Australia's market leading and largest pub operator, offering a diverse array of hospitality experiences including electronic gaming, sports bars, bistros, restaurants, cafes, retail liquor, accommodation, nightclubs and wagering. It currently operates 286 licensed venues and 476 retail liquor outlets across Australia and is owned by Woolworths Limited (75%) and companies associated with Bruce Mathieson (25%).

For the 12 months ending 30 June 2009, ALH reported sales of \$2.708 billion. For further information on ALH refer to ALH's website: www.alhgroup.com.au.

3.4 Capital structure

ALE Property Group has \$221 million of debt facilities maturing in May 2011 and \$148.9 million of existing ALE Notes maturing in September 2011.

ALE Property Group has implemented capital management initiatives including successfully completing a \$105 million equity raising, which received strong support from existing investors with participation in the retail entitlement offer of around 90%, and undertaking approximately \$101 million of asset sales.

Since mid 2009, ALE Property Group has successfully sold 16 hotels for a combined total of approximately \$101 million, a weighted average 3.8% premium to book value, and a 55.3% premium to historical cost. The average sale Capitalisation Rate of 5.98% compares favourably to ALE's average carrying value Capitalisation Rate of 6.45%.

ALE Property Group has been active in using the proceeds from the equity raising and asset sales to buy back debt at a weighted average discount of 6.8%. To date \$94.9 million has been repurchased. ALE Property Group will continue to conduct further debt buybacks until the maturity of the debt as the opportunity arises.

As a result of the above capital management initiatives and following the Offer, gearing has reduced to 53.5% on a pro forma basis.

Following the issue of the ALE Notes 2, ALE Property Group expects to have approximately \$150 million of cash on balance sheet that may be used to buy back or pay down debt. In addition ALE Property Group will hold approximately \$60 million in cash as collateral against the CIB. This collateral amount may be reduced to approximately \$32 million if ALE transfers around \$46 million of additional unencumbered property it holds into CIB/CMBS funding security pool. This would increase the cash available to reduce debt to approximately \$170 million.

After applying the available cash to pay down or buy back maturing debt the amount of debt required to be refinanced prior to September 2011 is expected to be approximately \$220 million.

ALE Property Group has been exploring various alternatives in relation to refinancing the debt which falls due in 2011 in order to ensure an optimal capital structure. ALE Property Group continues active discussions with potential financiers and rating agencies. ALE Property Group intends to finalise refinancing of its debt in advance of the maturity dates. As a result of the success of ALE Property Group's capital management initiatives in significantly reducing gearing levels, ALE Property Group does not perceive any difficulties in refinancing the maturing debt facilities.

In common with most issues of commercial mortgage backed securities in the Australian market, the failure to refinance or repay the CMBS maturing in May 2011 is not an event of default. Rather, ALE Direct Property Trust may be required as early as November 2011 to implement a program of assets sales to enable it to repay the CMBS by May 2015. The sale prices able to be achieved may be adversely affected in circumstances where ALE Direct Property Trust is selling assets because it is under a legal obligation to do so, although this is mitigated by the four year sale timeframe.

PRO FORMA CAPITAL STRUCTURE POST OFFER (AS AT 31 DECEMBER 2009)

Facility	Amounts (\$m)	Scheduled maturity	Maturity term (years)	Hedge term (years)	Interest rate arrangement
CIB	\$125.5	November 2023	13.8	13.8	Fixed real rate
CMBS	\$166.0	May 2011	1.3	13.8	Floating nominal rate – hedged
NAB Bank facility	\$55.0	May 2011	1.3	13.3	Floating nominal rate – hedged
CPI hedge escalation	\$20.3	Dec 2022 & May 2023 ¹			
ALE Notes 2	\$100.0	August 2014	4	13.3	Floating nominal rate
ALE Notes ²	\$148.9	September 2011	1.7	13.3	Fixed nominal rate – hedged
Cash On Deposit	(\$212.5)				On term deposits
Total	\$403.2				
Market capitalisation of equity	\$337.1³				

1 Subject to rights of review or extension in December 2012 and May 2013.

2 The balance of existing ALE Notes may be reduced as a result of take-up in the ALE Notes Reinvestment Offer.

3 Based on a Stapled Security price of \$2.20.

Following completion of the Offer, the debt profile of the ALE Property Group will consist of the facilities shown in the table above. The CPI hedge escalation refers to the accumulated amount by which the notional balance of the CPI hedge indexes with reference to national CPI. The accumulated indexation is payable by ALE on maturity of the CPI hedge and is recorded as a liability in ALE Property Group's accounts.

HEDGING POSITION

ALE Property Management enhances its risk management profile using CPI and interest rate hedging.

ALE Property Group has entered into a number of interest rate hedges that swap the payment of a floating interest rate for that of a fixed interest rate, aimed at fixing ALE Property Group's annual interest expense.

ALE Property Group has also entered into CPI hedges that effectively fix the base real interest rate they pay on existing debt. Accordingly, additional long term income/expense matching is provided by the overall interest expense under the CPI hedges growing at a similar rate to that inherent in the CPI indexed rental income on the Portfolio.

Hedging value

At 31 December 2009 the market value of hedging/derivatives was around \$19.2m, and the value will increase if interest rates increase or breakeven inflation rates fall (and vice versa). Future hedging value movements may provide some protection against the impact of changing interest rates and inflation rates.

No material breaches

ALE Property Trust has not materially breached any loan covenants or debt obligations under a finance document in the two years prior to the date of this Prospectus, or before that time.



SECTION 4
FINANCIAL INFORMATION

/ 4



SECTION 4 FINANCIAL INFORMATION

4.1 Historical and pro forma balance sheet

ALE Property Group's historical and pro forma balance sheet as at 31 December 2009 is shown in the table below. The pro forma adjustments are set out below. The proceeds of the Offer will be used to refinance existing debt and ultimately replace, in part, the existing ALE Notes that mature in September 2011.

	31 December 2009	Debt buyback	Distribution & DRP	Asset sales	Notes issue	Pro forma 31 December 2009
Current assets						
Cash and cash equivalents	130,390	(29,164)	(14,110)	29,085	96,309	212,510
Receivables	8,263					8,263
Other	1,605					1,605
Total current assets	140,258	(29,164)	(14,110)	29,085	96,309	222,378
Non-current assets						
Investment properties	772,410			(31,180)		741,230
Derivatives	27,283					27,283
Plant and equipment	63					63
Deferred tax asset	1,824					1,824
Total non-current assets	801,580			(31,180)		770,400
Total assets	941,838	(29,164)	(14,110)	(2,095)	96,309	992,778
Current liabilities						
Payables	5,922					5,922
Provisions	18,204		(18,183)			21
Total current liabilities	24,126	–	(18,183)	–	–	5,943
Non-current liabilities						
Borrowings	546,165	(32,702)			96,309	609,772
Derivatives	8,074					8,074
Deferred tax liability	837					837
Total non-current liabilities	555,076	(32,702)	–	–	96,309	618,683
Total liabilities	579,202	(32,702)	(18,183)	–	96,309	624,626
Net assets	362,636	3,538	4,073	(2,095)	–	368,152
Equity						
Contributed equity	165,768		4,073			169,841
Retained profits	196,746	3,538		(2,095)		198,189
Reserve	122					122
Total equity	362,636	3,538	4,073	(2,095)	–	368,152
Net assets per stapled security	\$2.39					\$2.40

The balance sheet of ALE Property Group at 31 December 2009 was extracted from the financial report of ALE Property Group for the half year ended 31 December 2009 prepared in accordance with Australian Accounting Standards. Refer to Section 7.1 for details on how to obtain ALE Property Group's financial reports.

The ALE Property Group pro forma balance sheet shows the effect on the ALE Property Group balance sheet as at 31 December 2009 for the effect of the pro forma adjustments described below as if these had occurred on 31 December 2009. The pro forma adjustments incorporate the effect of the following:

IMPACT OF DEBT BUY BACKS

ALE Property Group has undertaken a number of debt buybacks in relation to existing CIB and CMBS borrowings. The combined face value of these debt buybacks made since 31 December 2009 totalled approximately \$32.7 million for cash consideration of \$29.2 million. The pro forma adjustment reflects the impact on the balance sheet had these debt buy backs occurred on 31 December 2009.

DISTRIBUTION PAYMENTS

Cash payment of \$14.1 million of dividends on 2 March 2010, representing \$18.2 million of declared dividends less \$4.1 million of dividend reinvestments. The pro forma adjustment reflects the impact on the balance sheet had these dividends been paid and dividend reinvestments been converted to new stapled securities as at 31 December 2009.

PROPERTY SALES

ALE Property Group completed the sale of four hotel properties in Victoria in February 2010 for combined net proceeds of \$29.1 million, representing gross proceeds of \$30.0 million less \$0.9 million of disposal costs. These properties were recorded at a book value of \$31.2 million, \$2.1 million higher than net sale proceeds. All four of these properties are due for settlement in April and May 2010. This adjustment reflects the impact on the balance sheet had these asset sales occurred and had been settled on 31 December 2009.

ALE NOTES 2 ISSUE

Receipt of net proceeds of approximately \$96.3 million from the issue of 1 million ALE Notes 2 representing \$100 million of gross proceeds less \$3.7 million of transaction costs. The adjustment reflects net proceeds from the ALE Notes 2 raising being applied to cash had they been received on 31 December 2009. The pro forma adjustment for the issue of the ALE Notes 2 does not take into account the impact of any potential buyback of ALE Notes under the ALE Notes Reinvestment Offer as this amount is unknown as at the date of this Prospectus.

PRIOR PERIOD FINANCIAL INFORMATION

ALE's website www.alegroup.com.au provides significant detail on the group's financial performance for every financial year since its ASX listing in November 2003.

4.2 Financial ratios

	31 December 2009	Pro forma 31 December 2009	Relevant Covenant
Senior gearing – Net Senior Debt ⁽¹⁾ /total property assets	34.8%	33.8%	60.0% ⁽²⁾
ALE Notes 2 Gearing – Net Finance Debt ⁽³⁾ /Value of Assets ⁽⁴⁾	53.3%	53.5%	67.5% ⁽⁵⁾
Interest Coverage Ratio (ICR) – EBITDA ⁽⁶⁾ /Net Interest ⁽⁷⁾	3.1x	3.2x	

(1) Net Senior Debt is derived as Senior Debt plus accumulated CPI hedge indexation less cash and cash equivalents. Consistent with excluding ALE Notes 2 debt from Net Senior Debt, cash proceeds realised from the Offer have also been excluded from Net Senior Debt for the purposes of deriving senior gearing.

(2) There is a minimum covenant level established in ALE Property Group's existing debt facilities that requires Net Senior Debt to not exceed 60% of total property value. Details of the key financial covenants are set out in ALE Property Group's financial reports. Refer to Section 7.1 for details on how to obtain ALE Property Group's financial reports.

(3) Net Finance Debt is derived as Finance Debt less cash and cash equivalents.

(4) Under the terms of the ALE Notes 2, Value of Assets is defined as the gross value of all the assets of ALE Property Group less cash and cash equivalents and less any Derivative Assets.

(5) Under the terms of the ALE Notes 2, the Gearing Covenant is defined as Net Finance Debt/Value of Assets and is triggered at a level exceeding 67.5%. Refer to Section 1.6.4 for further details on the Gearing Covenants of the ALE Notes 2.

(6) For the purpose of calculating the ICR, EBITDA has been derived from historical annual gross rent less land tax and operating costs, and hence excludes gains on disposal of investment properties, fair value gains to investment properties, loss on termination of derivatives, discount on debt buybacks and fair value gains to derivatives.

(7) Net Interest is calculated as the net of cash interest expense and interest income of the ALE Property Group.

The gearing ratios calculated above are based on the actual 31 December 2009 balance sheet and the pro forma balance sheet set out above in section 4.1.

The pro forma ICR has been calculated based on the structure of the pro forma balance sheet as set out above in Section 4.1. Specifically the pro forma ICR is calculated based on:

- the debt structure set out in the pro forma balance sheet which incorporates the impact of the Offer and debt buybacks with an assumed base interest rate of 4.5%;
- the current property portfolio as included in the pro forma balance sheet and associated rental income which takes into account property sales made, including the four Victorian properties sold during February 2010; and
- the historical operating cost structure of ALE Property Group.

4.3 Sensitivities

GEARING SENSITIVITY ANALYSIS

The following analysis demonstrates the impact on ALE Property Group's pro forma gearing calculation for possible movements in the capitalisation rate and the associated impact on property values.

Capitalisation rate (currently 6.48%)	+25bps	+50bps	+75bps	+100bps
Senior gearing – Net Senior Debt/total property assets	35.1%	36.4%	37.7%	39.0%
ALE Notes 2 Gearing – Net Finance Debt/Value of Assets	55.6%	57.6%	59.6%	61.7%

Capitalisation rate (currently 6.48%)	–25bps	–50bps	–75bps	–100bps
Senior gearing – Net Senior Debt/total property assets	32.5%	31.2%	29.9%	28.6%
ALE Notes 2 Gearing – Net Finance Debt/Value of Assets	51.5%	49.5%	47.4%	45.4%

An expansion in Capitalisation Rates by 172 bps, which is equivalent to a reduction in ALE Property Group's property values of 21%, will take ALE Notes 2 Gearing to 67.5%.

ICR SENSITIVITY ANALYSIS

The following analysis demonstrates the impact on ALE Property Group's pro forma ICR calculation for possible movements in the margin that may eventuate from the future refinancing of that part of the existing Senior Debt which will mature in 2011.

Senior Debt margin ⁽¹⁾	200bps	250bps	300bps	350bps
Interest Coverage Ratio (ICR) – EBITDA/Net Interest	2.4x	2.3x	2.1x	2.0x

(1) ALE Property Group's current blended margin on that part of the existing Senior Debt which will mature in 2011 is 0.51%. Given current credit market conditions, a significantly higher margin is expected to result on refinancing of that debt on or prior to maturity. Net Interest is calculated as the net of cash interest expense and interest income of the ALE Property Group.



SECTION 5
INVESTMENT RISKS

/5



Young & Jackson Hotel
CBD, Melbourne, VIC

SECTION 5

INVESTMENT RISKS

5.1 Introduction

Before applying for ALE Notes 2, you should consider whether ALE Notes 2 are a suitable investment for you. You should be aware that there are risks associated with an investment in ALE Notes 2 generally. In particular, these risks arise from the nature of ALE Notes 2 and the associated Terms of Issue as well as risks associated with ALE Property Group's business. These risks may affect the ability of ALE Property Trust to fulfil its obligations under the ALE Notes 2, and affect the value of ALE Notes 2.

Many of these risks are outside the control of the Directors, including some of the risk factors set out in this Section and other matters mentioned in this Prospectus.

These risks can be broadly classified as including:

1. Risks associated with an investment in ALE Notes 2;
2. Risks specific to ALE Property Group;
3. Risks specific to ALH as the single tenant of the ALE Property Group portfolio; and
4. Risks associated with the general global economic environment.

Some of the risks associated with an investment in ALE Notes 2 are described below. These risks should not be taken as an exhaustive list of the risks of investing in ALE Notes 2.

5.2 Risks associated with an investment in ALE Notes 2

5.2.1 Market price of ALE Notes 2

The market price of ALE Notes 2 may fluctuate due to various factors including general movements in interest rates, credit margins, the Australian and international investment markets, international economic conditions, changes in inflation rates and inflationary expectations, the market price of Stapled Securities, factors that affect ALE Property Group's financial position and performance or credit worthiness, global geo-political events and hostilities, investor perceptions and other factors beyond the control of ALE Property Group and its Directors. The market price of ALE Notes 2 may be more sensitive than Stapled Securities or other securities to changes in interest rates (although the floating rate nature of ALE Notes 2 reduces this exposure) and it is possible that ALE Notes 2 may trade at a market price below their Issue Price of \$100. However, Holders of ALE Notes 2 are entitled to receive the applicable Redemption Value on the applicable Maturity Date. The Redemption Value will be \$100, \$101, or \$102 depending when Redemption occurs. See Section 1.4.4.

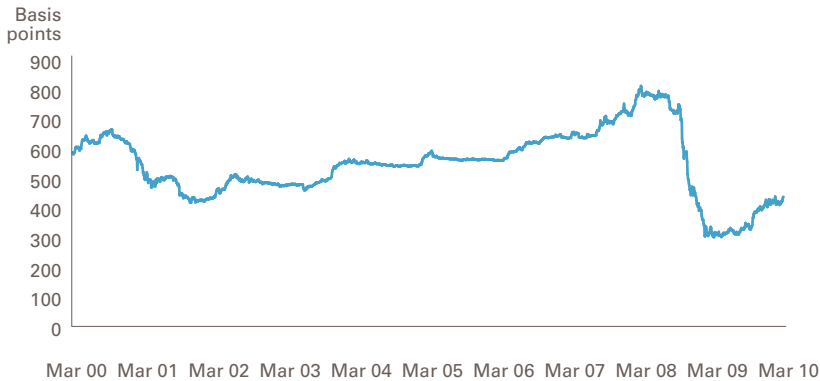
5.2.2 Liquidity of ALE Notes 2

There may be no liquid market for the ALE Notes 2. The market for ALE Notes 2 may be less liquid than the market for Stapled Securities or other securities. If Holders wish to sell their ALE Notes 2, they may be unable to do so at an acceptable market price, or at all if insufficient liquidity exists in the market for ALE Notes 2.

5.2.3 Changes in the Interest Rate payable

The Interest Rate for each Interest Period will be calculated on the first Business Day of that Interest Period by reference to the Market Rate, which is influenced by a number of factors and varies over time. The Interest Rate will fluctuate (and may increase or decrease) over time with movement in the Market Rate, which is the 3 Month Bank Bill Swap Rate. The range for the Market Rate over the last 10 years is set out in the chart below. The movement in the Market Rate in the future may be greater or less than that shown in the graph. The graph below should not be taken as an indication of future movements in the Market Rate.

As the Interest Rate fluctuates, there is a risk that the Interest Rate may become more or less attractive when compared to the rates of return available on other securities.



5.2.4 Future issues of securities, incurring of further debt by ALE Property Group

ALE Property Group has the right to create and issue any class of share capital or other equity or debt securities and incur other finance debt without the approval of Holders.

If ALE Direct Property Trust incurs further debt, that increases the amount of debt which effectively ranks ahead of the ALE Notes 2, and which, in insolvency of ALE Direct Property Trust, will have to be repaid before an amounts will be available to Holders (see Section 5.2.5 below).

An investment in ALE Notes 2 carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by ALE Property Group. No prediction can be made as to the effect, if any, that such future issue of securities by ALE Property Group may have on the market price or liquidity of ALE Notes 2.

The ALE Notes 2 are protected by a Gearing Covenant, which stipulates that if ALE Property Trust increases Finance Debt, reduces number of Stapled Securities on issue or pays any Special Distribution, which results in Gearing exceeding 67.5%, the Interest Rate will be increased to the Higher Rate and the Distribution Stopper will apply for so long as Gearing remains above 67.5% following a breach.

The Gearing Covenant will not be breached if Gearing increases above 67.5% for reasons other than ALE Property Trust taking the actions listed above (for example due to a change in the value of the assets of the ALE Property Group).

5.2.5 Ranking of ALE Notes 2

Most of the assets of the ALE Property Group are held by ALE Direct Property Trust. This means that, from the point of view of operational risk, if ALE Property Trust becomes insolvent, it will do so because ALE Direct Property Trust has also become insolvent. If this happens, the ALE Notes 2 will effectively be subordinated to the prior payment in full of all creditors of ALE Direct Property Trust, including the CMBS, any financiers under bank or other debt facilities and any trade or other creditors. This means that those creditors will have to be paid or repaid in full before any of the assets of the ALE Property Group held by ALE Direct Property Trust will be available for distribution to ALE Property Trust and then to its creditors. Any funds which do flow up to ALE Property Trust will be required to be paid in the order described in Section 1.2.2 above.

Even though the ALE Notes 2 are not subordinated debt of ALE Property Trust, they are effectively (or structurally) subordinated to all creditors of ALE Direct Property Trust.

5.2.6 Early redemption may be detrimental to holders

There are circumstances that may arise that give ALE Property Trust the right to Redeem the ALE Notes 2 prior to the Maturity Date. These are summarised in Section 1.4.2, and set out in clauses 4.2 and 4.4 of the Terms of Issue. The timing or occurrence of a Redemption by ALE Property Trust may not accord with the preference of a Holder and may also be disadvantageous in light of market conditions or individual circumstances.

5.2.7 Corporate actions

The Terms of Issue provide Holders with limited rights in the event that ALE Property Trust undertakes any transactions that may involve the restructure of the ALE Property Group – such as asset disposals or acquisitions, or other corporate transactions. Any such transactions would only give rise to rights for Holders if they constituted a Significant Change, a Change of Control Event or a Delisting Event (see Section 1.4.3).

5.2.8 Lock-up of distributions payable by ALE Direct Property Trust

Under the terms of the CMBS, if certain financial ratios are breached, the amount of distributions which ALE Direct Property Trust may pay to ALE Property Trust may be restricted. If this were to happen, ALE Property Trust may not have sufficient funds available to it to pay interest and principal on the ALE Notes 2.

The current position relative to these ratios is such that there would need to be a very substantial deterioration in the financial performance of the ALE Direct Property Trust portfolio before any breach of these ratios would occur. Accordingly, while the consequences of this risk are significant, the likelihood of the risk occurring is, on the basis of information currently known to ALE Property Group, considered very low.

5.2.9 Taxation considerations

A summary of potential Australian taxation implications for Holders is set out in Section 6. This is a general summary and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, Holders should seek independent advice in relation to their own individual taxation circumstances.

Holders should be aware that future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in ALE Notes 2, or the holding and disposal of ALE Notes 2. In addition, if as a result of any change in applicable taxation laws or any change in their application or interpretation, payment of interest on an ALE Note 2 is not, or may not, or will cease to be, allowed as a deduction for the purposes of ALE Property Group's Australian income tax liability calculation, then ALE Property Trust is entitled to Redeem the ALE Notes 2.

ALE Property Trust is also entitled to Redeem the ALE Notes 2 if any Additional Amount is payable in connection with Taxes (see clauses 4.2 and 9.2 of the Terms of Issue).

5.2.10 No minimum subscription

ALE Property Trust intends to raise approximately \$100 million through the issue of ALE Notes 2 under the Offer, with the ability to raise more or less. However, there is no minimum subscription for the Offer and the Offer is not underwritten. If the Offer is not fully subscribed, this may have an adverse impact on the market price and liquidity of ALE Notes 2.

5.2.11 New Zealand investors' currency risk

The denomination and currency for payment of ALE Notes 2 is Australian dollars and not New Zealand dollars. The Offer may involve a currency exchange risk. The value of ALE Notes 2 will go up or down for New Zealand investors according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant.

5.3 ALE Property Group specific risks

5.3.1 Single tenant risk

All of the hotels in the ALE Property Group portfolio are leased to the ALH. Accordingly, investors will be exposed to the risk that ALH defaults in the payment of any amount due under the Leases including rent or the performance of any obligation ALH has under the Leases. It should be noted that 87 of the 89 Leases have been executed on a cross default basis meaning that for these Leases ALH is liable for all payments across the portfolio equally and if it defaults on a single lease it is deemed to have defaulted on all of those Leases. While the Leases are assets which are essential to ALH's business, the payment of amounts due under the Leases by ALH is dependent on the financial position of ALH.

The ALH Group is 75% owned by Woolworths and 25% by companies associated with Bruce Mathieson. However, either owner may sell their stake in the ALH Group.

Please see Section 5.4 of this risks section for details of the risks faced by ALH.

5.3.2 Refinance risk

ALE Property Group is exposed to risks relating to the refinancing of existing debt instruments and facilities. ALE Property Group has a significant portion of its total debt maturing between May and September 2011. The ability of ALE Property Group to refinance existing debt facilities, and the terms of the refinancing, will depend on market conditions, and the refinancing may be difficult if market conditions deteriorate. The outcome of any refinancing may, depending on market conditions at the time, be on less favourable terms (including at a higher cost) for ALE Property Group.

In common with most issues of commercial mortgage backed securities in the Australian market, the failure to refinance or repay the CMBS maturing in May 2011 is not an event of default. Rather, ALE Direct Property Trust may be required as early as November 2011 to implement a program of assets sales to enable it to repay the CMBS by May 2015. The sale prices able to be achieved may be adversely affected in circumstances where ALE Direct Property Trust is selling assets because it is under a legal obligation to do so, although this is mitigated by the four year sale timeframe.

5.3.3 Value of hotels

The value of hotels in the portfolio may fall or rise due to changes in various factors, including the supply and demand for such properties and the capitalisation rates commonly applied to such properties. Movements in hotel valuations have no impact on the rent payable by ALH, however may impact the amount and terms of a future refinancing which could impact the amount of cash flow available to service interest on ALE Notes 2. Hotel valuations may also impact the ability of ALE Property Group to meet payment obligations under the ALE Notes 2.

5.3.4 Queensland land tax regulatory risk

ALE Property Group is responsible for the payment of land tax in Queensland.

Under Queensland legislation a property owner cannot recover land tax from its tenants except (in the case of non-retail shop premises) where the relevant lease was entered into before 1 January 2002 (or is a renewal of a lease entered into before that date) or after 30 June 2009. This affects a number of hotels in the Portfolio and so an increase in land tax payable in respect of those properties, whether through increase in unimproved values or an increase in the tax rate, may adversely affect the return from, and value of, those properties.

The Queensland Government has announced its intention to amend the Valuation of Land Act (Qld) legislation so that unimproved land values will be assessed on the basis of site value. This may lead to an increase in the unimproved value of land owned by the ALE Property Group. As unimproved values are used for the assessment of State government land tax and local government rates, there may be a resultant increase in these imposts.

5.3.5 Change in capital structure

Changes in the capital structure of ALE Property Group, for example the raising of further debt or the issue of further equity, or changes in DRP participation rates may affect the net asset value of ALE Property Group.

ALE Property Group may also incur further debt obligations which (either on their terms or due to the structural composition of the ALE Property Group) rank ahead of the ALE Notes 2.

5.3.6 Tenant credit profile risk

The credit quality of ALH is linked to the credit quality of Woolworths. To the extent that there is deterioration in the credit quality of Woolworths, or ALH is sold by Woolworths, this may affect ALE Property Trust's ability to pay interest or Redeem the ALE Notes 2 on the applicable Maturity Date and may affect the market price of the ALE Notes 2.

5.3.7 Future asset disposals

As part of a range of capital management initiatives ALE announced in August 2009 a target of \$120 million of asset sales for FY10. In the past 12 months ALE Property Group has completed approximately \$101 million in asset sales. Depending on the outcome of ALE Property Group's refinancing plan, ALE Property Group may or may not sell further assets. The price achieved by ALE Property Group on these future asset sales will be dependent on demand for ALE Property Group's assets at the time of sale.

Property assets are by their nature illiquid investments. Therefore, it may not be possible for ALE Property Group to dispose of assets in a timely manner. To the extent that there are only a limited number of potential investors for ALE Property Group properties, the realisable value of those assets may be less than the sale proceeds forecast by ALE Property Group which may affect the value of, and returns from, an investment in ALE Notes 2.

5.3.8 Development risk

While ALE Property Group is not directly exposed to risks associated with the development of hotels in the Portfolio given the nature of the Leases, ALE Property Group is exposed to a number of residual risks associated with those developments. ALE Property Group may be required (where it approves a development proposal) to pay ALH an amount equal to the increase in the value of a hotel as a consequence of a development. Conversely, ALH may be required to pay ALE Property Group an amount equal to the decrease in the value of a hotel as a consequence of a development. The ability of ALH to pay this amount may also affect the value of ALE Property Group.

5.3.9 Litigation risk

Legal and other disputes may arise from time to time in the ordinary course of operations. Any such dispute may impact on earnings or affect the value of ALE Property Group's assets.

ALE Property Group has been in discussions with ALH and involved in litigation in the Supreme Court of Victoria since August 2008 regarding the interpretation of their Lease and more specifically the development of vacant land available at the Vale Hotel, Victoria. ALE Property Group received a favourable judgment in December 2009. However, orders are yet to be received from the Victorian Supreme Court and there is also the risk of appeal of the decision by ALH.

5.3.10 Financial instruments and counterparties

ALE Property Group has entered into a number of interest rate hedges that swap the payment of a floating interest rate for that of a fixed interest rate with the aim of fixing ALE Property Group's annual interest expense.

ALE Property Group has also entered into CPI hedges that effectively fix the base real interest rate they pay on existing debt. Accordingly, additional long term income/expense matching is provided by the overall interest expense under the CPI hedges growing at a similar rate to that inherent in the CPI indexed rental income on the Portfolio.

The nature of these hedges is such that on a reduction in underlying floating interest rates and/or an increase in CPI, a liability is incurred on ALE Property Group's balance sheet. Whilst this liability will not impact on ALE Property Group's liquidity position as long as the hedging remains in place, this liability may impact on the amounts and terms of future refinancing by ALE Property Group if the hedging arrangements are required to be unwound.

ALE Property Group's CPI hedging contains counterparty rights to break and extend at December 2012 and August 2013. Should part or all of the CPI hedging be unwound at those times, ALE Property Group will be required to pay out any accumulated indexation, plus or minus any mark to market value of the hedging. New hedging arrangements put into place thereafter may result in higher or lower fixed interest rates, which may impact the ICR for the ALE Notes 2 as set out in section 4.2.

There is also a risk that counterparties to these arrangements will be unable or unwilling to perform this obligation to ALE Property Group.

5.3.11 Outgoings and operating cost risk

Under the Leases, ALE Property Group is liable to pay any outgoings imposed on it as owner of the hotels which do not relate to ALH's use of the hotels which arise 10 years or later after the date of the Leases. In addition, the level of operating costs payable to third parties associated with the operation of ALE Property Group from time to time may affect the value of, and returns from, an investment in ALE Property Group.

5.3.12 Insurance risks

Under the Leases, ALH must establish and maintain the insurances in respect of the hotels in the portfolio. If those insurances are not established and maintained, are not available or if the insurer defaults, ALE Property Group may not receive any payment on damage to the hotels in the portfolio and may be exposed to the legal risks of being a landlord such as public liability litigation.

5.3.13 Re-leasing risk

If a Lease is terminated or expires, ALE Property Group will have to assess whether to lease the relevant hotel to a third party or sell the relevant hotel. The ability of ALE Property Group to re-lease the relevant hotel, and the terms of any re-leasing, depends on the market conditions at the relevant time including the demand for hotels and prevailing market rentals.

5.3.14 Changes in law

ALE Property Group is subject to the usual business risk that there may be changes in laws or government legislation, regulation and policy that reduce income or increase costs. This may adversely affect ALE Property Trust's ability to pay interest or Redeem the ALE Notes 2 on the applicable Maturity Date.

5.4 Risks to the performance of ALH

Investors in ALE Notes 2 are exposed to credit risk on ALH being unable to pay rent or meet other obligations for the terms of each Lease. Accordingly, risks which affect the financial performance of ALH may also affect the value of, and returns from, an investment in ALE Notes 2. Some of the material risks specific to ALH are described below.

5.4.1 Competition

ALH could be materially adversely affected by increased competition in the hotel, gaming and retail liquor markets in the regions of Australia in which it operates. ALH's hotels compete for customers with a wide variety of other hotels, hotel companies and brewers, some of which could be better equipped and could have access to greater financial resources than does ALH. ALH's hotels also compete with retail liquor outlets and supermarkets where alcoholic and other products could be purchased more cheaply, and with a wide range of alternative entertainment and leisure activities.

5.4.2 Changes in industry conditions

ALH's performance is dependent upon the ongoing strength of the hotel, gaming and retail liquor industries in Australia which in turn are linked to, among other things, macroeconomic factors including the level of economic growth, employment, interest rates, taxation rates and growth in household disposable income in Australia. If there is a general weakening of Australian economic conditions, this could have a material adverse impact on ALH.

Changes in regulation removing current restrictions on the provision of liquor and gaming could allow both increased and broader competition to all of ALH's core businesses. Competitor actions could be difficult to predict and could have a material adverse impact on ALH.

5.4.3 Regulatory risk

In Australia, the hotel, gaming, and retail liquor industries are subject to extensive legislation and regulation by State and Territory government bodies. The regulatory regime is complex and is subject to change over time depending on the policies of the relevant Government in place. Failure to comply with regulation or change in regulation could have a material adverse impact on ALH.

5.4.4 Gaming regulation

The risk of additional regulatory restrictions being imposed on ALH's gaming operations or a change in the regulatory environment is a key business risk. A change could have a material adverse impact on ALH.

5.4.5 Liquor regulation

The risk of additional regulatory restrictions being imposed on ALH's liquor operations or a change in the regulatory environment is a key business risk. A change could have a material adverse impact on ALH.

5.5 Risks associated with the general global economic environment

General economic factors may affect a Holder's investment in ALE Notes 2, the market price of ALE Notes 2, or the performance of ALE Property Group. Some of these include:

- movements in Australian and international stock markets, changes in interest rates, inflation and inflationary expectations and overall economic and political conditions may affect the demand for and market price of ALE Notes 2;
- credit margins may rise or fall due to economic conditions which will affect the performance and price of ALE Notes 2;
- changes in government legislation and policy, in particular taxation laws, may affect the relative attractiveness of investing in ALE Notes 2;
- ALE Property Group's rental stream escalates with increases in state-based CPI indices, and is therefore subject to fluctuations in inflation. Should CPI fall in any given year, ALE Property Group's rental receipts will not fall, but before they increase again the index will need to recover to its pre-deflation levels; and
- the price of securities on ASX may rise or fall due to a diverse range of non-company specific influences which may affect the market performance of the ALE Notes 2.

None of ALE Property Group, its Directors or any other person guarantees the market performance of the ALE Notes 2. Since the second half of 2007, global capital markets have experienced difficult and unique conditions, the full effects of which are as yet unknown. These challenging market conditions have resulted in significantly reduced availability of funds, increased volatility, increased costs of funding, the unavailability of funds in certain markets, industry sectors or specific companies, forced asset sales, a lack of price transparency in many markets and heightened prospects of regional recession.

Further, the effect of these conditions on the ALE Property Group's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in the ALE Property Group being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse effect on the financial position and performance of the ALE Property Group.

The operational and financial performance and position of the ALE Property Group may be adversely affected by the worsening of general economic conditions in Australia, as well as international market conditions and related factors. These and other risks faced by the ALE Property Group are set out in this Section 5. It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.



SECTION 6
TAXATION SUMMARY

/ 6



Redland Bay Hotel
Redland Bay, QLD

SECTION 6 TAXATION SUMMARY

6.1 General

This section contains a broad summary of the Australian and New Zealand income tax considerations for investors in ALE Notes 2. The information below is based on existing tax law and established interpretations as at the date of this Prospectus.

The taxation information provided below is intended as a brief guide only. Accordingly, potential investors are recommended to seek professional taxation advice in relation to their own position. The information applies to Australian tax resident and New Zealand tax resident investors who are not traders or are not carrying on a business which includes deriving gains from the disposal of ALE Notes 2.

6.2 Australian taxation consequences of investing in ALE Notes 2

6.2.1 Australian tax resident Holders

6.2.1.1 Receipt of interest

Interest Payments received by Holders should be assessable to the Holders in the year of income in which the interest is received.

6.2.1.2 Disposal or redemption of ALE Notes 2

Any gains on the disposal or redemption of ALE Notes 2 will be treated as assessable income. This will include the premium on redemption (if any are paid). A capital gains tax event will also occur upon disposal or redemption of ALE Notes 2 and may give rise to a capital gain. However, that capital gain will be reduced to the extent that the gain or loss is already recognised as an assessable gain or an allowable deduction, i.e. there is no double taxation.

Any losses on the redemption of ALE Notes 2 acquired under this offer will constitute capital losses for the Holder. Any losses on disposal of ALE Notes 2 in the ordinary course of trading on a securities market may give rise to revenue losses instead of capital losses, although this matter is not a matter completely settled at law.

6.2.2 New Zealand tax resident Holders

6.2.2.1 Interest withholding tax

Australian interest withholding tax will not apply to interest paid on ALE Notes 2 due to an exemption available for certain widely held debt securities. Therefore, New Zealand tax resident Holders will not be subject to Australian interest withholding tax on interest received on their ALE Notes 2.

New Zealand resident Holders who do not hold their ALE Notes 2 as part of carrying on a business at or through a permanent establishment in Australia should not otherwise be subject to Australian income tax on interest paid on ALE Notes 2.

6.2.2.2 Disposal or redemption of ALE Notes 2

New Zealand tax resident Holders who do not hold their ALE Notes 2 as part of carrying on business at or through a permanent establishment in Australia, should not be subject

to Australian income tax on gains realised from the disposal or redemption of ALE Notes 2.

6.2.3 Other tax matters

6.2.3.1 Tax File Numbers and Australian Business Numbers

A Holder need not quote a TFN when applying for ALE Notes 2. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be deducted from any interest paid to an Australian tax resident Holder at the highest marginal tax rate plus Medicare levy.

There should be no tax is deducted from payments of interest to non-resident Holders on the basis that non-resident Holders are exempt from interest withholding tax.

6.2.3.2 Taxation of Financial Arrangements (TOFA) rules

The Government has recently introduced the TOFA rules which are a comprehensive framework for taxing financial arrangements. Broadly, the measures contain rules that cover the tax timing treatments for financial arrangements with gains and losses being assessable or deductible on revenue account

The rules will not apply to Holders unless the Holder elects to apply the TOFA rules to their financial arrangements that exist at the commencement date applicable to them, which is the income years commencing after 1 July 2010 or if they elect to apply the rules earlier, from 1 July 2009.

6.3 New Zealand taxation consequences of investing in ALE Notes 2

6.3.1 New Zealand income tax consequences for Holders who are resident of New Zealand

New Zealand resident Holders will be subject to the Financial Arrangements Rules in respect of ALE Notes 2. The timing of recognition of income will depend upon the spreading methods chosen by the Holder.

Cash Basis Holders will be taxed on interest received and the gain or loss derived on disposal or maturity (including the premium on redemption and foreign exchange gains or losses).

Non Cash Basis Holders will be taxed on an accrual basis over the life of ALE Notes 2. The spreading method used to calculate income will depend upon the particular circumstances of the Holder. The gain or loss on sale or maturity (including any premium paid on redemption and foreign exchange gains or losses) will be taxable under the Financial Arrangements rules.

If interest is received by a New Zealand nominee on behalf of the Holder, that nominee may be required to deduct New Zealand Resident Withholding Tax (RWT) from interest paid to the New Zealand resident Holder. The rate of RWT will be based on the marginal tax rate of the investor, as advised to the nominee by the Holder. If the Holder does not notify the nominee of the rate of RWT to be deducted, the rate is 38%.



SECTION 7
ADDITIONAL INFORMATION

7



Village Green Hotel
Mulgrave, Melbourne, VIC

SECTION 7 ADDITIONAL INFORMATION

7.1 Reporting and disclosure obligations

ALE Property Trust is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As it is listed on ASX, ALE Property Group is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning ALE Property Group of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

Information released to the market by ALE Property Group is available at <http://www.asx.com.au> and on ALE Property Group's website www.alegroup.com.au.

This information includes:

- (a) continuous disclosure announcements lodged with ASX; and
- (b) annual financial reports and half-yearly financial reports for ALE Property Group.

Investors who wish to receive email notifications when new information regarding the ALE Notes 2 is published can elect to do so by providing ALE Property Trust with their email address where indicated on the applicable Application Form.

7.2 Rights and liabilities attaching to ALE Notes 2

The rights and liabilities attaching to ALE Notes 2 are set out in the Terms of Issue and the Trust Deed (which incorporates the Terms of Issue). The Terms of Issue are set out in full in Appendix 1 and the Trust Deed is summarised in Section 7.3.

Rights and liabilities attaching to the ALE Notes 2 may also arise under the Corporations Act, the Listing Rules, the Constitution and other laws.

7.3 Trust Deed

ALE Property Trust entered into the Trust Deed with the Trustee on or about the date of this Prospectus. The Terms of Issue are set out as a schedule to the Trust Deed.

A copy of the Trust Deed can be obtained free of charge by any person who requests it during the Offer Period, by calling the ALE Notes 2 Information Line on 1800 106 756 (within Australia) and +61 3 9415 4613 (international) (Monday to Friday – 8.30am to 5.00pm). In addition, ALE Property Trust must provide a copy of the Trust Deed to a Holder on request.

The following is a summary only of the principal provisions of the Trust Deed.

7.3.1 Appointment of Trustee

The Trustee has been appointed under the Trust Deed and holds on trust for the Holders and itself upon the terms of the Trust Deed:

- the right to enforce ALE Property Trust's duty to repay, and to pay all other amounts payable, under the ALE Notes 2;
- the right to enforce all other duties and obligations of ALE Property Trust under the Terms of Issue, the provisions of the Trust Deed and Chapter 2L of the Corporations Act; and
- any other property held on the trust established by the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

7.3.2 Undertakings

ALE Property Trust has undertaken to the Trustee (on behalf of each Holder) to pay the amounts due and payable in respect of the ALE Notes 2 under and in accordance with the Trust Deed.

ALE Property Trust has also undertaken to the Trustee on behalf of the Holders to provide certain financial information in accordance with the Corporations Act.

7.3.3 Priority of the Trustee

All moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed, secondly in or towards payment of all amounts of interest due but unpaid under the ALE Notes 2 to the relevant Holders and thirdly in or towards payment of all amounts of principal due but unpaid under the ALE Notes 2 to the relevant Holders. The balance (if any) of any money remaining after those payments will be returned to ALE Property Trust.

7.3.4 Enforcement

Subject to the Trust Deed and to section 283DA(h) of the Corporations Act, the Trustee must take action to enforce the Trust Deed where all the following conditions are met:

- (a) the Trustee is requested to take action by Holders who hold in aggregate more than 25% of the Face Value of all ALE Notes 2 then outstanding, or by Holder Resolution;
- (b) the Trustee is indemnified, to its satisfaction, against certain actions or costs; and
- (c) the action is not prohibited under the Trust Deed or by law.

No Holder is entitled to proceed directly against ALE Property Trust to enforce any right or remedy under or in respect of any ALE Note 2 unless the Trustee, having become bound to proceed in accordance with the Trust Deed, fails to do so within 15 Business Days and that failure is continuing.

The Trustee must call a meeting of Holders upon the occurrence of a continuing Event of Default provided it is indemnified and/or secured to its satisfaction.

7.3.5 Powers and duties of the Trustee

The powers and duties of the Trustee are set out in the Trust Deed and include:

- (a) the Trustee is entitled to waive any breach by ALE Property Trust under the Trust Deed;
- (b) the Trustee has no duty to enquire of ALE Property Trust or interfere with the business of ALE Property Trust;
- (c) the Trustee is entitled to rely on information provided in a certificate signed by any two Directors or a Director and a secretary of ALE Property Trust as to any factual matter as conclusive evidence and is also entitled to rely on any information, statement, certificate, report, balance sheet, account or any other deed supplied by ALE Property Trust or an officer of ALE Property Trust, or the auditor of ALE Property Group; and
- (d) the Trustee is not obliged to carry out any act or refrain from doing any act (including incurring any liability) under the Trust Deed until such time as it is placed in funds or is otherwise indemnified to its reasonable satisfaction against any expense or liability which it may incur as a result of doing so.

7.3.6 Liability

The Trustee enters into the Trust Deed and incurs obligations solely as trustee and in no other capacity. The Trustee will cease to have any obligation under the Trust Deed if the Trustee ceases to be trustee of the Trust Deed.

The Trustee will not be liable to pay or satisfy any obligations except out of the property held by the Trustee against which it is actually indemnified in respect of any liability incurred as Trustee. ALE Property Trust may only enforce its rights against the Trustee arising from non-performance of its obligations to the extent of the Trustee's right of indemnity out of the property held by the Trustee.

If ALE Property Trust does not recover all money owing to it arising from non-performance of its obligations, the relevant party cannot seek to recover the shortfall by taking action such as seeking the appointment of a receiver or bringing proceedings against the Trustee in its personal capacity.

ALE Property Trust waives its rights and releases the Trustee from any personal liability in respect of any loss or damage which it may suffer as a result of any breach or non-performance by the Trustee of any of its obligations under the Trust Deed, which cannot be paid or satisfied out of any property held by the Trustee, out of which the Trustee is entitled to be indemnified.

No act or omission of the Trustee will constitute fraud, gross negligence or wilful default of the Trustee to the extent the act or omission was caused or contributed to by any failure of ALE Property Trust or any other person to fulfil its obligations relating to the Trust Deed or by any other act or omission.

This limitation of liability will not apply and the Trustee will be liable to pay out of its own funds, property and assets for the unsatisfied amount of that liability to the extent:

- (a) the liability of the Trustee is not fully satisfied out of the property held by the Trustee under which it is indemnified; and
- (b) the total amount of property held by the Trustee under which it is indemnified has been reduced by the Trustee's fraud, gross negligence, wilful default, breach of section 283AD of the Corporations Act or breach of the Trust Deed.

7.3.7 Fees and expenses

ALE Property Trust will pay the Trustee fees as agreed between ALE Property Trust and the Trustee. ALE Property Trust will also pay, on demand, the Trustee's costs and expenses in connection with consents and other requests made by ALE Property Trust, the performance of its duties, or the exercise of its rights, in connection with the Trust Deed and the Terms of Issue, as well as losses and expenses in connection with Holder meetings and directions. The Trustee may also be entitled to additional remuneration for any enforcement action or action exceptional in nature that the Trustee takes in relation to the Trust Deed or the Terms of Issue.

7.3.8 Retirement and removal

The Trustee may retire at any time by giving at least two months' notice to ALE Property Trust or a shorter period which is agreed.

ALE Property Trust may remove the Trustee at any time by giving notice to the Trustee in circumstances including where:

- (a) the operation of section 283AC of the Corporations Act means that the Trustee cannot continue to act as a trustee;
- (b) the Trustee has committed a trustee default (which means an act of fraud, gross negligence, wilful default, breach of trust or a breach of section 283DA of the Corporations Act) and (provided that the default is capable of remedy) has not rectified the default within 10 Business Days of receiving a notice from ALE Property Trust to rectify the default;
- (c) an insolvency event occurs in relation to the Trustee or it ceases to carry on business;
- (d) any authorisation the Trustee is required to hold to carry out its obligations and duties under the Trust Deed is revoked or not renewed; or
- (e) ALE Property Trust is requested to do so by a meeting of Holders.

On the removal or retirement of the Trustee, power to appoint a new eligible trustee is vested in ALE Property Trust, unless no new eligible trustee has been appointed upon expiry of the notice of the Trustee's retirement or within 14 days of its removal, in which case the Trustee may appoint in writing another person to act as the new trustee.

7.3.9 Meetings

A meeting of Holders has the power to:

- (a) by Holder Resolution, give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms of Issue or approve any amendment to the Trust Deed or the Terms of Issue required to be authorised by a Holder Resolution; and
- (b) by Special Resolution, approve anything the Trustee has done or omitted to do and to approve any amendment to the Trust Deed or the Terms of Issue required to be authorised by a Special Resolution.

At a meeting of Holders, each Holder is entitled to one vote on a show of hands. On a poll, each Holder is entitled to one vote for each ALE Note 2 that the person holds. If the meeting is by postal ballot or written resolution, Holders are entitled to vote in the relevant proportion to the aggregate Face Value of all ALE Notes 2.

7.4 Offer management agreement

ALE Property Trust and the Lead Manager entered into an offer management agreement on or about the date of this Prospectus (the **Offer Management Agreement**). Under the Offer Management Agreement, the Lead Manager has agreed to manage the Offer, including to conduct the Bookbuild, and to provide settlement support for the Broker Firm Offer and the Institutional Offer.

7.4.1 Fees and expenses

Under the Offer Management Agreement, ALE Property Trust has agreed to pay the following fees to the Lead Manager, as a percentage of the total proceeds of the Offer:

- (a) an arranger and lead manager fee of 1.00%; and
- (b) reimbursement of distribution and selling fees of up to 1.25%.

A capital management advisory fee of approximately \$800,000 will also be payable upon completion of the Offer.

ALE Property Trust must also pay the out-of-pocket expenses incurred by the Lead Manager in respect of the Offer (including legal costs and any stamp duty).

7.4.2 Representations and warranties

The parties to the Offer Management Agreement give various representations and warranties that are customary for agreements of this type, including representations and warranties in relation to corporate authority and approvals. ALE Property Trust's representations and warranties relate to matters such as:

- (a) the compliance with the Corporations Act, Listing Rules and the constitutions of ALE Property Management and ALE Property Trust;
- (b) the accuracy of all information provided by it to the Lead Manager; and
- (c) this Prospectus (and other offer materials) containing no omissions or statements which are untrue, misleading or deceptive and containing all information required to comply with applicable laws.

7.4.3 Termination events

The Lead Manager may terminate its obligations under the Offer Management Agreement by notice to ALE Property Trust on the occurrence of any of the following termination events:

- i. a statement contained in this Prospectus (or other offer materials) is or becomes misleading or deceptive or likely to mislead or deceive, or omits any information required to be contained (including having regard to NZ Securities Laws);
- ii. ALE Property Trust lodges a supplementary prospectus (other than the Replacement Prospectus) or the Lead Manager forms the view (acting reasonably) that a supplementary prospectus must be lodged under section 719 of the Corporations Act;
- iii. a new circumstance arises in relation to ALE Property Group since this Prospectus was lodged, that would have been required to be included in this Prospectus if it had arisen before lodgement;
- iv. ASIC, NZSC or any other person proposes to or publicly foreshadows that it may conduct an enquiry, investigation or proceedings, take regulatory action or seek any remedy, in connection with the Offer or this Prospectus (or other offer materials);
- v. the S&P ASX 200 index closes on any Business Day before the Issue Date at a level that is 10% or more below its level as at market close on the first Business Day before the parties entered into the Offer Management Agreement, for two consecutive Business Days (or at any time is 15% or more below that level);
- vi. the average mid-rate for the iTraxx Australia Index of a term of 5 years is 0.35% or more above its level as at market close on the first Business Day before the parties entered into the Offer Management Agreement, for two consecutive Business Days (or at any time is 0.45% or more above that level);
- vii. the 3 Month Bank Bill Swap Rate is 0.50% or more below its level as at market close on the first Business Day before the parties entered into the Offer Management Agreement, for two consecutive Business Days (or at time is 0.75% or more below that level);
- viii. a new law or policy is announced, adopted or introduced that does or is likely to prohibit or regulate the Offer, capital issues or stock markets in a manner that, in the reasonable opinion of the Lead Manager, would have a material adverse effect on its ability to promote the Offer, enforce contracts to issue or allot ALE Notes 2 or materially adversely affect the taxation treatment of ALE Notes 2;
- ix. approval is refused or not granted to the official quotation of ALE Notes 2 on ASX or ASX subsequently withdraws, qualifies or withholds such consent;
- x. ASIC:
 - a. issues a stop order or interim order under section 739 of the Corporations Act;
 - b. makes an application for an order under Part 9.5 of the ASIC Act in relation to the Offer; or
 - c. commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer;
- xi. the NZCO or NZSC contacts or gives any notice to ALE Property Trust;
- xii. any person (other than the Lead Manager) who previously consented to the inclusion of its name in this Prospectus (or other offer materials) withdraws that consent;
- xiii. a person gives notice to ALE Property Trust under section 730 of the Corporations Act;
- xv. Where the Lead Manager (acting reasonably) forms the view that promotion of the Offer or enforcement of contracts to issue and allot the ALE Notes 2 becomes impractical because:
 - a. a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - b. trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for two days on which that exchange is open for trading;

- xvi. any event specified in the timetable for the Offer is delayed for more than one Business Day without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed);
- xvii. a change in the senior management of ALE Property Group or in the board of Directors of ALE Property Trust occurs;
- xviii. a Director of ALE Property Trust (in his or her capacity as an officer of a company) is charged with an indictable offence;
- xix. there is a Tax Event or announcement of a prospective Tax Event;
- xx. (*) any information supplied by or on behalf of the ALE Property Group to the Lead Manager in relation to the ALE Property Group or the Offer is misleading or deceptive (including by omission) or likely to mislead or deceive;
- xxi. (*) the outbreak of hostilities involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Japan, Russia or the People's Republic of China, Indonesia, North Korea, South Korea or any member state of the European Union or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or elsewhere in the world;
- xxii. (*) the Offer or this Prospectus (or other offer materials) do not comply with any applicable law or regulatory requirement or there is a contravention by ALE Property Trust of the Corporations Act, NZ Securities Laws, the ALE Property Management constitution, the ALE Property Trust constitution, or any of the Listing Rules;
- xxiii. (*) a default by ALE Property Trust in the performance or observance of any of its obligations under the Offer Management Agreement occurs;
- xxiv. (*) a representation or warranty given by ALE Property Trust in the Offer Management Agreement is not true or correct;
- xxv. (*) any certificate given by ALE Property Trust in respect of compliance with its obligations under the Offer Management Agreement and the Offer and the status of any of the representations and warranties and termination events are false, misleading, deceptive or inaccurate;
- xxvi. (*) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the ALE Property Group as a whole.

In respect of those termination events marked above with an asterisk (*), the Lead Manager may only exercise its rights to terminate the Offer Management Agreement if the Lead Manager has reasonable and bona fide grounds to believe, and does believe, that the event has or is likely to have a materially adverse effect on the outcome or settlement of the Offer or could give rise to a material liability of the Lead Manager under any law or regulation.

7.4.4 Indemnity

ALE Property Trust has agreed to indemnify the Lead Manager and certain affiliated persons from all claims, demands, damages, losses, costs, expenses, imposts and liabilities incurred directly or indirectly in connection with the Offer. Certain limitations in relation to fraud, recklessness, wilful misconduct or negligence of an indemnified party apply.

7.5 Consents

Each of the parties (referred to as **Consenting Parties**) who are named in the table below (except for Trust Company Fiduciary Services Limited, whose consent is set out beneath paragraph (d)):

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in paragraph (a) above and paragraph (d) below;
- (c) has not authorised or caused the issue of this Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that Consenting Party and excludes and disclaims all liability or any damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred by you as a result of this Prospectus being inaccurate or incomplete in any way for any reason.

Trust Company Fiduciary Services Limited has given and not withdrawn its written consent to be named as trustee in this Prospectus. The Trustee has not authorised or caused the issue of this Prospectus. Neither the Trustee nor any member of the Trustee group of companies makes any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus. Other than the parts of this Prospectus which refer directly to the Trustee or which refer to the provisions of the Trust Deed, the Trustee has relied upon ALE Property Trust for the accuracy of the content of this Prospectus. Neither the Trustee nor any member of the Trustee group of companies makes any representations as to the performance of the Offer, the maintenance of capital or any particular rate of return.

Role	Consenting Parties
Lead Manager	Macquarie
Auditor	KPMG
Legal adviser	Allens Arthur Robinson
Trustee	Trust Company Fiduciary Services Limited
Registry	Computershare Investor Services Pty Limited

7.6 Interests of advisers

Macquarie has acted as Lead Manager for the Offer, in respect of which it will receive the fees described in Section 7.4.1.

ALE Property Trust will pay to brokers in Australia (through the Lead Manager) a fee of up to 0.5% of the proceeds raised from Applications which include the stamp or adviser code of that broker, subject to a cap of \$200 per Application. ALE Property Trust reserves the right to aggregate Applications that appear to be multiple Applications from the same person.

Certain institutional investors have committed to the Lead Manager to apply for approximately \$58 million in aggregate of ALE Notes 2. The Lead Manager will pay these institutional investors:

- (a) 0.25% of the amount they committed to and that is then allocated to them; and
- (b) a further 0.25% of the amount allocated to them provided they continue to hold that allocation two months after the Issue Date.

KPMG Transaction Services (Australia) Pty Limited has performed work in relation to accounting and financial matters associated with the Offer and this Prospectus. ALE Property Trust estimates that it will pay approximately \$40,000 (excluding disbursements and GST) to KPMG for the work that has been done to the date of this Prospectus. Further amounts may be paid to KPMG in accordance with its normal time-based charges.

Allens Arthur Robinson has acted as legal adviser to ALE Property Trust in relation to this Prospectus and the Offer. ALE Property Trust estimates that it will pay approximately \$300,000 (excluding disbursements and GST) to Allens Arthur Robinson for the work that has been done to the date of this Prospectus. Further amounts may be paid to Allens Arthur Robinson in accordance with its normal time-based charges.

Trust Company Fiduciary Services Limited is acting as Trustee for Holders under the Trust Deed. In respect of this role, ALE Property Trust has paid or agreed to pay an ongoing fee of \$25,000 per annum (excluding disbursements and GST). Further amounts may be paid to Trust Company Fiduciary Services Limited in accordance with the Trust Deed.

Other than as set out in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) no promoter of ALE Property Trust;
- (c) no underwriter to the Offer; and
- (d) no financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the date of this Prospectus, or has held in the two years before that date, an interest in:

- (i) the formation or promotion of ALE Property Trust;
- (ii) the Offer; or
- (iii) any property acquired or proposed to be acquired by ALE Property Trust in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such person for services provided by them, in connection with the formation or promotion of ALE Property Trust or the Offer.

7.7 Interests of Directors

Except as set out below, no Director or proposed Director has, or has had in the two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of ALE Property Trust;
- (b) the Offer; or
- (c) any property acquired or proposed to be acquired by ALE Property Trust in connection with its formation or promotion or with the Offer.

Except as set out below, no amount (whether in cash or shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director either to induce them to become, or to qualify them as, a Director or otherwise for services provided by them in connection with the formation or promotion of ALE Property Trust or with the Offer.

7.7.1 Interests in ALE securities

The table below set out the Directors' interests in Stapled Securities and performance rights over Stapled Securities as at the date of this Prospectus.

Name	No. of Stapled Securities	No. of Performance Rights over Stapled Securities
Peter Warne	1,185,000	–
Andrew Wilkinson	208,468	160,026
James McNally	–	–
John Henderson	355,365	–
Helen Wright	150,000	–

7.7.2 Directors' remuneration

The constitution of ALE Property Management provides that the Directors are paid for their services as Directors, as determined by the Directors, provided that the total amount or value in any year of non-executive Director remuneration may not exceed the amount fixed by ALE Property Trust in general meeting. The amount last fixed at a general meeting of ALE Property Trust was \$385,000.

7.7.3 Directors' indemnities

ALE Property Trust has entered into a Director's deed with each Director, under which (among other things) the Director is entitled to be indemnified by ALE Property Trust in circumstances permitted by law against liabilities incurred as a Director. Directors are also indemnified under the constitution of ALE Property Management. Directors are also indemnified to the full extent permitted by law for liabilities incurred by those persons in the discharge of their duties. The constitution of ALE Property Management provides that ALE Property Trust will meet the legal costs of these persons. This indemnity is subject to certain limitations.

7.7.4 Participation in the Offer

Directors and their associates may participate in, and be issued ALE Notes 2 under, the Offer.

7.8 Foreign selling restrictions

Nothing in this Prospectus should be considered as a solicitation, offer or invitation in any place where, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register ALE Notes 2, or otherwise permit a public offering of ALE Notes 2, in any jurisdiction outside of Australia or New Zealand. The distribution of this document outside Australia or New Zealand may be restricted by law. Persons who come into possession of this Prospectus (or other Offer materials) who are not in Australia or New Zealand should seek independent advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this Prospectus nor anything contained in it shall form the basis of any contract or commitment. In particular, this Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, ALE Notes 2 in the United States or to any U.S. Person. This Prospectus may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person. ALE Notes 2 have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States and none of ALE Property Trust, ALE Property Management or ALE Property Group has been or will be registered under the U.S. Investment Company Act and, therefore, the ALE Notes 2 may not be offered or sold in the United States or to, or for the account or benefit of any, U.S. Person except (1) in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States or pursuant to an exemption from, or in a transaction not subject to, such registration requirements and (2) in transactions that will allow ALE Property Management to qualify, and to continue to qualify, for the exception provided by Section 3(7) of the Investment Company Act.

ALE Notes 2 may be offered in a jurisdiction outside Australia and New Zealand where such an offer is made in accordance with the laws of that jurisdiction.

7.9 Privacy statement

If you apply for ALE Notes 2, you will be asked to provide personal information to ALE Property Trust (and the Lead Manager or your Syndicate Broker, if you are a Broker Firm Applicant) and the Registry, on ALE Property Trust's behalf.

ALE Property Trust, the Registry and the Lead Manager (or your Syndicate Broker) will collect, hold and use that personal information to assess your Application, service your needs as a Holder, and provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the Privacy Act, you may request access to your personal information held by or on behalf of ALE Property Trust. You can request access to your personal information or obtain further information about ALE Property Trust's management practices by contacting the Registry or ALE Property Trust. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact ALE Property Trust or the Registry so that your records can be corrected.

7.10 ASX relief

ALE Property Trust has received in-principle confirmation from ASX that:

- (a) ASX will classify the ALE Notes 2 as debt securities; and
- (b) ASX will allow ALE Notes 2 to trade on a deferred settlement basis in accordance with the timetable set out in this Prospectus.

7.11 Other material information

Other than as contained in this Prospectus, there is no information that investors and their professional advisers would reasonably require to make an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses, and prospects of the issuer; and
- (b) the rights and liabilities attaching to the bonds being offered,

that has not been previously disclosed to ASX.

7.12 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in New South Wales and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

7.13 Directors' authorisation

Each Director has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC.



SECTION 8
GLOSSARY

/ 8



Stamford Inn
Rowville, Melbourne, VIC

SECTION 8 GLOSSARY

Term	Meaning
3 Month Bank Bill Swap Rate	The average mid rate for Bills having a tenor of three months as displayed on the "BBSW" page of the Reuters Monitor System.
ABN	Australian Business Number.
Additional Amount	See the Terms of Issue (clause 12.3).
AEST	Australian Eastern Standard Time.
ALE Direct Property Trust	Australian Leisure and Entertainment Direct Property Trust, a sub-trust of ALE Property Trust.
ALE Finance	ALE Finance Pty Limited (ACN 106 503 431), a wholly owned subsidiary of ALE Direct Property Trust.
ALE Information Line	1800 106 756 (within Australia) and +61 3 9415 4613 (international).
ALE Notes	The debt obligations issued by ALE Property Trust under a prospectus dated 26 September 2003, which are quoted and trade on the ASX under the code LEPHB.
ALE Notes Holder	Holders of ALE Notes.
ALE Notes 2	A debt obligation issued, or to be issued, by Australian Leisure and Entertainment Property Management Limited as responsible entity for the Australian Leisure and Entertainment Property Trust which is constituted by, and owing under, the ALE Notes 2 Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.
ALE Notes 2 Holders	Holder of ALE Notes 2.
ALE Notes 2 Trust Deed	Trust Deed dated 23 March 2010 between Trust Company Fiduciary Services Limited and ALE Property Management as responsible entity of ALE Property Trust.
ALE Notes Reinvestment Applicant	An existing ALE Notes Holder who submits a Green Priority & Reinvestment Application Form.
ALE Notes Reinvestment Offer	The offer of ALE Notes 2 under this Prospectus to ALE Notes Holders.
ALE Property Group	ALE Property Trust and ALE Property Management and their controlled subsidiaries.
ALE Property Management	Australian Leisure and Entertainment Property Management Limited (ACN 105 275 278) as responsible entity of ALE Property Trust.
ALE Property Trust	Australian Leisure and Entertainment Property Trust (ARSN 106 063 049) or Australian Leisure and Entertainment Property Management Limited (ACN 105 275 278) as responsible entity of Australian Leisure and Entertainment Property Trust (as the context requires).
ALE Stapled Securityholder Applicant	A Stapled Securityholder who submits a Blue Priority Application Form.
ALE Stapled Securityholder Offer	The offer of ALE Notes 2 under this Prospectus to Stapled Securityholders.
ALH	ALH Group Pty Ltd (ACN 098 212 134) and its controlled entities.
Applicant	A person who submits an Application.
Application	Application for ALE Notes 2 offered under this Prospectus.
Application Form	An application form for ALE Notes 2 under this Prospectus, being either the Blue Priority Application Form, Green Priority & Reinvestment Application Form or the White General and Broker Firm Application Form.
Application Payment	Payment for Application, calculated as the number of ALE Notes 2 applied for multiplied by the Issue Price.

Term	Meaning
ASIC	Australian Securities and Investment Commission.
ASIC Act	Australian Securities and Investments Commission Act 2001 (as amended).
ASX	Australian Securities Exchange.
Bill	See the Terms of Issue (clause 12.3).
Blue Priority Application Form	Application form for ALE Notes 2 under this Prospectus for ALE Stapled Securityholder Applicants.
Bookbuild	The process conducted by, or on behalf of, ALE Property Trust prior to the opening of the offer for the ALE Notes 2 whereby certain Institutional Investors and Syndicate Brokers who wish to obtain a firm allocation of the ALE Notes 2 (whether for themselves or their clients) lodge bids for the ALE Notes 2 and, on the basis of those bids, ALE Property Trust determines the Margin (as defined in clause 2.2 of the Terms of Issue) and announces its determination prior to the opening of such offer.
Broker Firm Offer	The invitation made to Broker Firm Applicants to apply for an allocation of ALE Notes 2 from the relevant Syndicate Broker under this Prospectus.
Broker Firm Applicant	A retail client of a Syndicate Broker who applies for an allocation from that Syndicate Broker under the Broker Firm Offer.
Business Days	A business day as defined in the Listing Rules.
Buy-Back Amount	\$102.50 per existing ALE Note.
Buy-Back Proceeds	The amount calculated as the number of existing ALE Notes successfully bought back by ALE Property Trust multiplied by the Buy-Back Amount.
Capitalisation Rate	The ratio between the net operating income produced by a property and its capital value, calculated by dividing annual net operating income by current capital value.
Cash Basis Holders	A natural person whose financial arrangements do not exceed thresholds prescribed in the New Zealand Income Tax Act 2007 or the trustee of the estate of a deceased person in certain circumstances.
Change of Control Event	See the Terms of Issue (clause 12.3).
CHESS	Clearing House Electronic Subregister System operated by an associate of ASX.
CIB	Capital indexed bonds issued by ALE Direct Property Trust.
Clean Up Event	See the Terms of Issue (clause 12.3).
Closing Date	The last day on which Applications will be accepted, expected to be: (a) 5:00pm AEST on 21 April 2010 for the ALE Stapled Securityholder Offer, ALE Notes Reinvestment Offer and General Offer; and (b) 5:00pm AEST on 27 April 2010 for the Broker Firm Offer.
CMBS	Commercial mortgage backed securities (including the CIBs) issued by ALE Finance. In this Prospectus, a reference to CMBS includes a reference to the obligations which ALE Direct Property Trust owes to ALE Finance in respect of those commercial mortgage backed securities. ALE Direct Property Trust's obligations in this respect match exactly (as to timing and amount) ALE Finance's obligations under the commercial mortgage backed securities.
Constitution	The constitution of ALE Property Trust (ARSN 106 063 049) dated 19 August 2003 as may be amended from time to time.
Corporations Act	Corporations Act 2001 (Cth) (as amended).

Term	Meaning
Corporations Regulations	Corporations Regulations 2001 (Cth) (as amended).
CPI	Consumer Price Index.
Delisting Event	See the Terms of Issue (clause 12.3).
Director	A director of ALE Property Trust.
Distribution Stopper	The requirement under clause 10.1 of the Terms of Issue that, in the circumstances specified in that clause, no distributions be paid to Stapled Securityholders.
Double-Net Lease	A lease in which the lessee is responsible for regular outgoings, but not for capital expenditure.
EBIT	Earnings before interest and tax.
Event of Default	See the Terms of Issue (clause 12.3).
Exposure Period	The seven day period after the date this Prospectus was lodged with ASIC during which the Corporations Act prohibits the acceptance of Applications. This period may be extended by ASIC by up to a further seven days.
Face Value	See the Terms of Issue (clause 12.3).
Finance Debt	See the Terms of Issue (clause 12.3).
Financial Arrangements Rules	Rules contained in the New Zealand Income Tax Act 2007 for the determination of income and expenditure from debt and debt like instruments.
First Interest Payment Date	See the Terms of Issue (clause 12.3).
First Extended Maturity Date	See the Terms of Issue (clause 12.3).
Gearing (or ALE Notes 2 Gearing)	See the Terms of Issue (clause 12.3).
Gearing Covenant	See the Terms of Issue (clause 10.2).
General Applicant	An Australian or New Zealand resident who is not an Institutional Investor, ALE Stapled Securityholder Applicant, ALE Notes Reinvestment Applicant or Syndicated Broker.
General Offer	The invitation made to General Applicants to apply for ALE Notes 2 under this Prospectus.
Green Priority & Reinvestment Application Form	Application form for ALE Notes 2 under this Prospectus for ALE Notes Reinvestment Applicants.
Higher Rate	See the Terms of Issue (clause 12.3).
Holder	With respect to ALE Notes 2, the person registered in the Register as the owner of the ALE Notes 2.
Holder Resolution	See the Terms of Issue (clause 12.3).
Holding Statement	With respect to ALE Notes 2, a statement issued to ALE Notes 2 Holders by the Registry which sets out the details of ALE Notes 2 allotted to them under the Offer.
ICR	Interest coverage ratio.
Initial Maturity Date	See the Terms of Issue (clause 12.3).
Insolvency Event	See the Terms of Issue (clause 12.3).

Term	Meaning
Institutional Investors	An investor (whether Australian resident or not) to whom ALE Notes 2 are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than registration or formality which ALE Property Trust is willing to comply with) including, in Australia, persons to whom offers of securities can be made without the need for a lodged prospectus, who has been invited by the Lead Manager to bid for ALE Notes 2.
Institutional Offer	The invitation to certain Institutional Investors to bid for ALE Notes 2.
Interest Payment Date	See the Terms of Issue (clause 12.3).
Interest Rate	See the Terms of Issue (clause 12.3).
Investment Company Act	U.S. Investment Company Act of 1940, as amended.
Issue Date	See the Terms of Issue (clause 12.3).
Issue Price	The issue price of ALE Notes 2, being \$100 each.
Lead Manager	Macquarie Capital Advisers Limited (ACN 123 199 548).
Leases	Lease agreements between ALE Property Group and ALH in relation to each hotel in the Portfolio.
Listing Rules	The listing rules of the ASX with any modification or waivers which ASX may grant to ALE Property Group from time to time.
Margin	See the Terms of Issue (clause 2.2).
Market Rate	See the Terms of Issue (clause 12.3).
Maturity Date	See the Terms of Issue (clause 12.3).
NAB Bank Facility	Facility Agreement between National Australia Bank Limited and ALE Direct Property Trust (through its trustee) restated at 30 June 2008.
Non Cash Basis Holders	A person who does not satisfy the definition of a Cash Basis Holder for the purposes of New Zealand tax law.
NZCO	New Zealand Companies Office.
NZ Mutual Recognition Regulations	New Zealand Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.
NZSC	New Zealand Securities Commission.
NZ Securities Act	New Zealand Securities Act 1978.
NZ Securities Laws	New Zealand Securities Regulations and the NZ Securities Act, in each case as modified by relief from the requirements of those Regulations and the Act by the NZ Mutual Recognition Regulations.
NZ Securities Regulations	New Zealand Securities Regulations 1983.
Offer	The offer by ALE Property Management as responsible entity for ALE Property Trust of ALE Notes 2 under this Prospectus at an Issue Price of \$100 each, to raise approximately \$100 million with the ability to raise more or less.
Offer Period	The period from the Opening Date to the Closing Dates.
Opening Date	The day the Offer opens, 1 April 2010.
Portfolio	In respect of ALE Property Group, refers to its 89 hotels located in the five mainland states of Australia.

Term	Meaning
Privacy Act	Privacy Act 1988 (Cth) (as amended).
Prospectus	This prospectus that was lodged with ASIC on 24 March 2010, and will be replaced by the Replacement Prospectus.
Redeem	See the Terms of Issue (clause 12.3).
Redemption Value	See the Terms of Issue (clause 12.3).
Register	The official register of securities being maintained by the Registry on ALE Property Group's behalf.
Registry	Computershare Investor Services Pty Limited (ACN 078 279 277).
Replacement Prospectus	The replacement prospectus that will be lodged with ASIC on 1 April 2010 and will replace this Prospectus.
Responsible Entity	Australian Leisure and Entertainment Property Management Limited as responsible entity of the Australian Leisure and Entertainment Property Trust.
Second Extended Maturity Date	See the Terms of Issue (clause 12.3).
Senior Debt	All debt of ALE Direct Property Trust, which includes its current debt under CMBS, CIBs and the NAB Bank Facility.
Settlement Date	In respect of an ALE Note 2, the Business Day immediately preceding the Issue Date.
Significant Change	See the Terms of Issue (clause 12.3).
Special Distributions	See the Terms of Issue (clause 12.3).
Stapled Securities	Fully paid ordinary stapled securities in ALE Property Group, each comprising one fully paid ordinary share in ALE Property Management and one fully paid ordinary unit in ALE Property Trust.
Stapled Securityholders	Holders of Stapled Securities.
Syndicate Broker	Any participating organisation selected by the Lead Manager to participate in the Bookbuild.
Tax Event	See the Terms of Issue (clause 12.3).
Terms of Issue	The terms of issue of the ALE Notes 2, as set out in Appendix 1.
TFN	Tax File Number.
TOFA Rules	TOFA rules contained in Division 230 of the Income Tax Assessment Act 1997.
Triple-Net Lease	A lease in which the lessee is responsible for regular outgoings and capital expenditure.
Trustee	Trust Company Fiduciary Services Limited.
U.S. Person	Has the meaning given in Regulation S under the U.S. Securities Act.
U.S. Securities Act	United States Securities Act of 1933 (United States) (as amended).
Value of Assets	See the Terms of Issue (clause 12.3).
White General and Broker Firm Application Form	Application form for ALE Notes 2 under this Prospectus for General Applicants and Broker Firm Applicants.
Woolworths	Woolworths Limited (ACN 000 014 675).



APPENDIX 1 TERMS OF ISSUE



APPENDIX 1

TERMS OF ISSUE

Terms of the ALE Notes 2

1. Form of ALE Notes 2

1.1 Constitution under Trust Deed

ALE Notes 2 are debt obligations of ALE Property Trust issued by the Responsible Entity constituted by, and owing under, the Trust Deed.

1.2 Form

ALE Notes 2 are issued in registered form by entry in the Register.

1.3 Face Value

ALE Notes 2 are issued fully paid with a Face Value of \$100.00.

1.4 Currency

ALE Notes 2 are denominated in Australian dollars.

1.5 Clearing System

The rights of a person holding an interest in the ALE Notes 2 are subject to the rules and regulations of the Clearing System.

1.6 No certificates

No certificates will be issued to Holders unless the Responsible Entity determines that certificates should be available or certificates are required by any applicable law.

1.7 ASX quotation

The Responsible Entity must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the ALE Notes 2 are, and until Redeemed remain, quoted on ASX.

1.8 No other rights

ALE Notes 2 confer no rights on a Holder:

- (a) to vote at any meeting of Stapled Securityholders of the ALE Property Group;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of the ALE Property Group; or
- (c) to otherwise participate in the profits or property of the ALE Property Group, except as set out in these Terms or the Trust Deed.

2. Interest

2.1 Interest

- (a) Each ALE Note 2 bears interest on its Face Value from (and including) the Settlement Date to (but excluding) its Maturity Date or any Redemption Date at the Interest Rate.
- (b) Interest accrues daily on the basis of a year of 365 days and is payable in arrears on each Interest Payment Date.

2.2 Interest Rate

- (a) The Interest Rate payable in respect of an ALE Note 2 must be determined by the Responsible Entity in accordance with these Terms.
- (b) The Interest Rate applicable to an ALE Note 2 for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Market Rate} + \text{Margin}$$

where:

Market Rate means, for the relevant Interest Period, the average mid rate for Bills having a tenor of 3 months as displayed on the "BBSW" page of the Reuters Monitor System on the first Business Day of the Interest Period. However, if the average mid rate is not displayed by 10:30am on that day, or if it is displayed but the Responsible Entity determines that there is an obvious error in that rate.

Market Rate means the rate determined by the Responsible Entity in good faith at approximately 10:30am on that day having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the "BBSY" or "BBSW" page of the Reuters Monitor System).

Margin means a rate (expressed as a percentage per annum) determined in accordance with the Bookbuild as described in the Prospectus.

2.3 Calculation of Interest Rate and interest payable

- (a) The Responsible Entity must, as soon as practicable after determining the Interest Rate in relation to each Interest Period for each ALE Note 2, calculate the amount of interest payable for the Interest Period in respect of the Face Value of each ALE Note 2.
- (b) The amount of interest payable on each ALE Note 2 for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \$100 \times N}{365}$$

where:

N means, in respect of:

- (i) the First Interest Payment Date in respect of an ALE Note 2, the number of days from, and including, the Settlement Date to, but excluding, that First Interest Payment Date; and
- (ii) each Interest Payment Date other than the First Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.
- (c) The Interest Rate determined by the Responsible Entity must be expressed as a percentage rate per annum.

2.4 Notification of Interest Rate, interest payable and other items

- (a) The Responsible Entity must notify the Trustee, the Registry and ASX (and any stock exchange or other relevant authority on which the ALE Notes 2 are quoted) of:
- (i) the Interest Rate for each Interest Period and the amount of interest payable per ALE Note 2; and
- (ii) any amendment to the Interest Rate or the amount referred to in sub-paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.

- (b) The Responsible Entity must give notice under this clause 2.4 as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate and the amount of interest payable by the fourth Business Day of the Interest Period.
- (c) The Responsible Entity may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee, the Registry and ASX (and any stock exchange or other relevant authority on which the ALE Notes 2 are quoted) after doing so.

2.5 Determination final

The determination by the Responsible Entity of all amounts, rates and dates required to be determined by it under these Terms is, in the absence of manifest error, final and binding on the Trustee, the Registry and each Holder.

2.6 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculation must be rounded, if necessary, to four decimal places (with 0.00005% being rounded up to 0.0001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one cent (with 0.5 of a cent being rounded up to one cent).

2.7 Interest at Higher Rate on unpaid amounts

If an amount is not paid under these Terms when due, then interest accrues on the unpaid amount (both before and after any demand or judgment) on a daily basis, and compounds on a monthly basis, at the Higher Rate until the date on which payment is made to the Holder.

3. Maturity

3.1 Maturity Date

- (a) The ALE Notes 2 will mature on:
- (i) the fourth anniversary of the First Interest Payment Date (**Initial Maturity Date**); or
 - (ii) if the Responsible Entity exercises the option to extend the maturity date under clause 3.1(b)(i), the First Extended Maturity Date; or
 - (iii) if the Responsible Entity exercises the option to extend the maturity date under clause 3.1(b)(ii), the Second Extended Maturity Date.
- (b) The Responsible Entity may, in its absolute discretion, extend the date on which all (but not some) of the ALE Notes 2 will mature:
- (i) by giving not less than 20 Business Days' (and no more than 60 Business Days') notice to Holders (which notice is irrevocable) prior to the Initial Maturity Date, that the ALE Notes 2 will mature on the date which is the fifth anniversary of the First Interest Payment Date (**First Extended Maturity Date**); or
 - (ii) by giving not less than 20 Business Days' (and no more than 60 Business Days') notice to Holders (which notice is irrevocable) prior to:
 - (A) the Initial Maturity Date; or
 - (B) if the Responsible Entity has exercised the option to extend the maturity date under clause 3.1(b)(i), the First Extended Maturity Date,that the ALE Notes 2 will mature on the date which is the sixth anniversary of the First Interest Payment Date (**Second Extended Maturity Date**).
- (c) A notice given to Holders under clause 3.1(b)(i) or clause 3.1(b)(ii) must also be given to the Trustee, the Registry and ASX (and any stock exchange or other relevant authority on which the ALE Notes 2 are quoted).

4. Redemption and Purchase

4.1 Redemption

- (a) Subject to paragraphs (b) and (c), each ALE Note 2 must be Redeemed by payment by the Responsible Entity, on the Initial Maturity Date, of its Face Value (**Initial Redemption Value**), together with any interest accrued on the relevant ALE Notes 2 to (but excluding) the Redemption Date, unless the ALE Note 2 has been previously Redeemed.
- (b) If the date on which the ALE Notes 2 mature has been extended under clause 3.1(b)(i), each ALE Note 2 must be Redeemed by payment by the Responsible Entity, on the First Extended Maturity Date, of 101% of its Face Value (the **First Extended Redemption Value**), together with any interest accrued on the relevant ALE Notes 2 to (but excluding) the Redemption Date, unless the ALE Note 2 has been previously Redeemed.
- (c) If the date on which the ALE Notes 2 mature has been extended under clause 3.1(b)(ii), each ALE Note 2 must be Redeemed by payment by the Responsible Entity, on the Second Extended Maturity Date, of 102% of its Face Value (the **Second Extended Redemption Value**), together with any interest accrued on the relevant ALE Notes 2 to (but excluding) the Redemption Date, unless the ALE Note 2 has been previously Redeemed.

4.2 Early Redemption by the Responsible Entity

- (a) Subject to paragraph (b), the Responsible Entity may:
- (i) after the Initial Maturity Date, redeem all (but not some) of the ALE Notes 2;
 - (ii) if a Tax Event occurs, redeem all (but not some) of the relevant ALE Notes 2; or
 - (iii) if a Clean Up Event occurs, redeem all (but not some) of the ALE Notes 2,
- in whole before the Maturity Date at the Redemption Value of the relevant ALE Notes 2 together with any interest accrued on the relevant ALE Notes 2 to (but excluding) the Redemption Date.

- (b) The Responsible Entity may only redeem an ALE Note 2 under paragraph (a) if:
- (i) the Responsible Entity has given at least 10 Business Days' (and no more than 60 Business Days') notice to the Trustee, the Registry, the Holder and ASX (and any stock exchange or other relevant authority on which the ALE Notes 2 are quoted) nominating an Interest Payment Date as the proposed Redemption Date; and
 - (ii) if the redemption relates to a Tax Event or a Clean Up Event, before the Responsible Entity gives the notice under sub-paragraph (i), the Trustee has received:
 - (A) a certificate signed by two directors of the Responsible Entity; and
 - (B) in the case of a Tax Event, an opinion of independent legal advisers of recognised standing in the jurisdiction of incorporation of ALE Property Group,
- that (as applicable):
- (1) in the case of a Tax Event, the Tax Event has occurred; or
 - (2) in the case of a Clean Up Event, the Clean Up Event has occurred.
- (c) A notice under clause 4.2(b)(i) is irrevocable and, once given, the Responsible Entity must, on the Redemption Date specified in the notice, Redeem all of the ALE Notes 2 by paying to the relevant Holders the Redemption Value plus all interest accrued to the date of Redemption and all other amounts payable under or in respect of the ALE Notes 2 under these Terms.

4.3 Early Redemption by Holders following a Delisting Event

- (a) If a Delisting Event occurs, a Holder of ALE Notes 2 may require the Responsible Entity to redeem all of the ALE Notes 2 held by the Holder on the Delisting Redemption Date at the Redemption Value together with any interest accrued on it to (but excluding) the Delisting Redemption Date.
- (b) As soon as reasonably practicable after the occurrence of a Delisting Event, the Responsible Entity must give notice (a **Delisting Notification**) of the Delisting Event to the Trustee with a copy to the Registry, the Holders and ASX (and any stock exchange or relevant authority on which the ALE Notes 2 are quoted). The Delisting Notification will contain a statement informing Holders of their entitlement to exercise their rights to require redemption of the ALE Notes 2 pursuant to this clause 4.3 and will also specify:
- (i) all information material to the Holders concerning the Delisting Event;
 - (ii) the closing price of the ALE Notes 2 on the day that the ALE Notes 2 were trading on ASX immediately prior to the occurrence of the Delisting Event;
 - (iii) the form of the exercise notice (the **Delisting Redemption Exercise Notice**);
 - (iv) the last day of the Delisting Redemption Period; and
 - (v) such other information relating to the Delisting Event as the Trustee may reasonably require.
- (c) To exercise its right under paragraph (a), a Holder must deliver to the Registry (as agent for the Responsible Entity) a duly completed and signed Delisting Redemption Exercise Notice, in the form attached to the Delisting Notification, at any time in the Delisting Redemption Period. Any Delisting Redemption Exercise Notice given by a Holder must relate to all ALE Notes 2 held by that Holder.
- (d) A Delisting Redemption Exercise Notice is irrevocable, and on the Delisting Redemption Date the Responsible Entity must Redeem all ALE Notes 2 the subject of the Delisting Redemption Exercise Notice by paying to the relevant Holders the Redemption Value of their ALE Notes 2 plus all interest accrued to the Delisting Redemption Date and all other amounts payable under or in respect of the ALE Notes 2 under these Terms.

4.4 Early Redemption by the Responsible Entity following a Change of Control

- (a) If a Change of Control Event occurs, the Responsible Entity may redeem all (but not some) of the ALE Notes 2 in whole before the Maturity Date at the Redemption Value together with any interest accrued on the relevant ALE Notes 2 to (but excluding) the Redemption Date.
- (b) If it intends to exercise the right to Redeem the ALE Notes 2, the Responsible Entity must give notice (**Change of Control Early Redemption Notice**) of that fact to the Trustee with a copy to the Registry, the Holders and ASX within 20 Business Days of the date on which the Change of Control Event occurred.
- (c) A Change of Control Early Redemption Notice must specify:
 - (i) that a Change of Control Event has occurred, setting out reasonable details of it; and
 - (ii) the Redemption Date, which must be the next Interest Payment Date after the date on which the Change of Control Early Redemption Notice is given.
- (d) A Change of Control Early Redemption Notice is irrevocable and, once given, the Responsible Entity must, on the Redemption Date specified in the notice, Redeem all of the ALE Notes 2 by paying to the relevant Holders the Redemption Value plus all interest accrued to the date of Redemption and all other amounts payable under or in respect of the ALE Notes 2 under these Terms.

4.5 Early Redemption by the Holders following a Change of Control

- (a) If a Change of Control Event occurs, a Holder of ALE Notes 2 may require ALE to redeem all of the ALE Notes 2 held by the Holder on the Change of Control Event Redemption Date at the Redemption Value together with any interest accrued on it to (but excluding) the Change of Control Event Redemption Date.
- (b) Unless a Change of Control Early Redemption Notice has been given under clause 4.4(b), within 20 Business Days after the occurrence of a Change of Control Event the Responsible Entity must give notice (a **Change of Control Event Notification**) of the Change of Control Event to the Trustee with a copy to the Registry, the Holders and ASX (and any stock exchange or relevant authority on which the ALE Notes 2 are quoted). The Change of Control Event Notification will contain a statement informing Holders of their entitlement to exercise their rights to require redemption of the ALE Notes 2 pursuant to this clause 4.4 and will also specify:
 - (i) all information material to the Holders concerning the Change of Control Event;
 - (ii) the closing price of the ALE Notes 2 on the day that the ALE Notes 2 were trading on ASX immediately prior to the occurrence of the Change of Control Event;
 - (iii) the form of the exercise notice (the **Change of Control Event Redemption Exercise Notice**);
 - (iv) the last day of the Change of Control Event Redemption Period; and
 - (v) such other information relating to the Change of Control Event as the Trustee may reasonably require.
- (c) To exercise its right under paragraph (a), a Holder must deliver to the Registry (as agent for the Responsible Entity) a duly completed and signed Change of Control Event Redemption Exercise Notice, in the form attached to the Change of Control Event Notification, at any time in the Change of Control Event Redemption Period. Any Change of Control Event Redemption Exercise Notice given by a Holder must relate to all ALE Notes 2 held by that Holder.
- (d) A Change of Control Event Redemption Exercise Notice is irrevocable, and on the Change of Control Event Redemption Date, the Responsible Entity must Redeem all ALE Notes 2 the subject of the Change of Control Event Redemption Exercise Notice by paying to the relevant Holders the Redemption Value plus all interest accrued to the Change of Control Event Redemption Date and all other amounts payable under or in respect of the ALE Notes 2 under these Terms.

4.6 Early Redemption by Holders following a Significant Change

- (a) If a Significant Change occurs, a Holder of ALE Notes 2 may require ALE to redeem all of the ALE Notes 2 held by the Holder on the Significant Change Redemption Date at the Redemption Value together with any interest accrued on it to (but excluding) the Significant Change Redemption Date.
- (b) The Responsible Entity must give notice (a **Significant Change Notification**) of the Significant Change to the Trustee with a copy to the Registry, the Holders and ASX (and any stock exchange or relevant authority on which the ALE Notes 2 are quoted). The Significant Change Notification will contain a statement informing Holders of their entitlement to exercise their rights to require redemption of the ALE Notes 2 pursuant to this clause 4.6 and will also specify:
 - (i) all information material to the Holders concerning the Significant Change;
 - (ii) the closing price of the ALE Notes 2 on the day that the ALE Notes 2 were trading on ASX immediately prior to the occurrence of the Significant Change;
 - (iii) the form of the exercise notice (the **Significant Change Redemption Exercise Notice**);
 - (iv) the last day of the Significant Change Redemption Period; and
 - (v) such other information relating to the Significant Change as the Trustee may reasonably require.
- (c) To exercise its right under paragraph (a), a Holder must deliver to the Registry (as agent for the Responsible Entity) a duly completed and signed Significant Change Redemption Exercise Notice, in the form attached to the Significant Change Notification, at any time in the Significant Change Redemption Period.
- (d) A Significant Change Redemption Exercise Notice is irrevocable, and on the Significant Change Redemption Date, the Responsible Entity must Redeem all ALE Notes 2 the subject of the Significant Change Redemption Exercise Notice by paying to the relevant Holders the Redemption Value plus all interest accrued to the Significant Change Redemption Date and all other amounts payable under or in respect of the ALE Notes 2 under these Terms.

4.7 Purchase

- (a) The Responsible Entity and any of its Related Bodies Corporate may at any time purchase ALE Notes 2 in the open market or otherwise and at any price.
- (b) If purchases are made by tender, tenders must be available to all Holders alike.
- (c) ALE Notes 2 purchased under this clause 4.7 may be held, resold or cancelled at the discretion of the purchaser (and, if the ALE Notes 2 are to be cancelled, the Responsible Entity), subject to compliance with any applicable law or requirement of ASX (or any stock exchange or other relevant authority on which the ALE Notes 2 are quoted).

5. Ranking, deferral of ALE Notes interest

5.1 Unsecured debt

The ALE Notes 2 are direct, unsecured debt obligations of the Responsible Entity which, subject to generally applicable legal and equitable principles rank equally with each other and all other unsecured, unsubordinated creditors of the Responsible Entity.

5.2 Deferral of ALE Notes interest

For so long as any ALE Notes 2 are outstanding, the Responsible Entity must exercise its rights under the terms and conditions applicable to the ALE Notes to defer payment of interest accrued under the ALE Notes, to the extent it is entitled to do so, and to the extent necessary to enable it to make payments in full of interest which is or may become due and payable under the ALE Notes 2.

6. Events of Default

6.1 Events of Default

Each of the following is an Event of Default (whether or not it is in the control of the Responsible Entity).

- (a) **(Non-payment)** The Responsible Entity fails to pay within three Business Days after the due date any amount payable by it under any ALE Note 2.
- (b) **(Insolvency)** An Insolvency Event occurs in respect of the Responsible Entity.
- (c) **(Unlawfulness)** It is or becomes unlawful for the Responsible Entity to perform any of its payment obligations under the ALE Notes 2.

6.2 Consequences of an Event of Default

- (a) If any Event of Default occurs which is continuing then the Trustee by written notice to the Responsible Entity may declare the Redemption Value (together with all accrued interest (if any)) applicable to each ALE Note 2 held by the Holders to be due and payable immediately or on such other date specified in the notice.
- (b) The Trustee is not bound to take any of the actions referred to in paragraph (a) to enforce the obligations of the Responsible Entity in respect of the ALE Notes 2 unless:
 - (i) it shall have been so directed by a Holder Resolution or so requested in writing by the Holders of more than one quarter of the aggregate of the Face Value of all ALE Notes 2 outstanding; and
 - (ii) it shall have been indemnified and/or secured (by way of advance payment or otherwise) to its satisfaction (acting reasonably).
- (c) If any Event of Default occurs which is continuing in relation to the ALE Notes 2 then the Trustee by written notice to the Responsible Entity may declare that clause 10.1(c) will apply.

6.3 Notification

If an Event of Default occurs which is continuing, the Responsible Entity must promptly after becoming aware of it notify the Trustee, the Holders and ASX (or any stock exchange or other relevant authority on which the ALE Notes 2 are quoted) of the occurrence of the Event of Default (specifying details of the Event of Default).

7. Title and transfer of ALE Notes 2

The provisions relating to title and transfer of the ALE Notes 2 are set out in clause 17 of the Trust Deed.

8. Payments

8.1 Payments

Payments in respect of the ALE Notes 2 will be made in accordance with this clause 8.

8.2 Payment of principal

Payments of principal in respect of an ALE Note 2 will be made to each person registered at 10.00 am on the relevant Redemption Date or Maturity Date as the holder of an ALE Note 2.

8.3 Payment of interest

Payments of interest in respect of an ALE Note 2 will be made to each person registered at the Record Date as the holder of that ALE Note 2.

8.4 Payments to accounts

Money payable by the Responsible Entity to a Holder in respect of an ALE Note 2 may be paid in any manner the Responsible Entity decides, including by any method of direct credit determined by the Responsible Entity to the Holder or Holders shown on the Register or to such person or place directed by them.

8.5 Payments by cheque

The Responsible Entity may decide that payments in respect of an ALE Note 2 will be made by cheque sent on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the ALE Note 2) at its address appearing in the Register at the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Responsible Entity in respect of the ALE Notes 2 as a result of the Holder not receiving payment on the due date.

8.6 Unsuccessful attempts to pay

Subject to applicable law, where the Responsible Entity:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so,

in each case the amount is to be held by the Responsible Entity for the Holder in a non-interest bearing deposit with a bank selected by the Responsible Entity until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Responsible Entity according to the legislation relating to unclaimed money.

8.7 Payment to joint Holders

A payment to any one of joint Holders will discharge the Responsible Entity's liability in respect of the payment.

8.8 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 9 of these Terms.

8.9 Payments on Business Days

If a payment:

- (a) is due on an ALE Note 2 on a day which is not a Business Day then the due date for payment will be the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

9. Taxation

9.1 No set-off, counterclaim or deductions

All payments in respect of the ALE Notes 2 must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

9.2 Withholding tax gross up

Subject to clause 9.3, if a law requires the Responsible Entity to withhold or deduct an amount in respect of Taxes from a payment in respect of the ALE Notes 2 such that the Holder would not receive on the due date the full amount provided for under the ALE Notes 2, then:

- (a) the Responsible Entity agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount of the payment will be increased so that the Holder will receive the same amount as it would have received if no deduction or withholding had been required to be made.

9.3 Withholding tax exemptions

No Additional Amounts are payable under clause 9.2(b) in respect of any ALE Note 2:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such ALE Note 2 by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such ALE Note 2 or receipt of payment in respect of the ALE Note 2 provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Australian Tax Act where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Australian Tax Act;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;

- (c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act; or
- (d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details.

10. Investor protections

10.1 Distribution stopper

- (a) Interest will be paid in priority to any distributions to Stapled Securityholders. Distributions to Stapled Securityholders will not be paid for the period while an interest entitlement on an ALE Note 2 under clause 2.1, in respect of an Interest Period, (plus any interest on that amount under clause 2.7) has not been paid or otherwise satisfied in full by the Responsible Entity.
- (b) The Redemption Value will be paid in priority to any distributions to Stapled Securityholders. Distributions to Stapled Securityholders will not be paid for the period while any payment of the Redemption Value under clause 4 (plus any interest on that amount under clause 2.7) has not been paid or otherwise satisfied in full by the Responsible Entity.
- (c) Distributions to Stapled Securityholders will not be paid for the period while an Event of Default is subsisting if a declaration has been made by the Trustee under clause 6.2(c).
- (d) Distributions to Stapled Securityholders will not be paid for the period while, following a breach of clause 10.2, Gearing remains in excess of 67.5%.
- (e) The Constitution contains restrictions on the payment of distributions of income or capital to Stapled Securityholders where any Financial Instrument (including the ALE Notes 2) prohibit the payment.

10.2 Gearing covenants

For so long as any ALE Notes 2 remain on issue the Responsible Entity undertakes not to:

- (a) increase Finance Debt where to do so would result in Gearing exceeding 67.5%; and
- (b) reduce the number of ALE Stapled Securities on issue or pay any Special Distribution to Stapled Securityholders where to do so will result in Gearing exceeding 67.5%.

For the avoidance of doubt, the Responsible Entity will not be taken to increase Finance Debt due to:

- (i) the increased principal amount of any capital indexed or CPI linked bond or similar instrument; or
- (ii) the increased notional amount under any capital indexed or CPI linked derivative or hedge transaction.

10.3 Breach of gearing covenants

If the Responsible Entity breaches any undertaking given by the Responsible Entity under clause 10.2:

- (a) the Interest Rate applicable to all interest entitlements shall be the Higher Rate (provided that the Higher Rate will only apply while the Responsible Entity is in breach of the relevant undertaking); and
- (b) clause 10.1 will apply.

11. General provisions and governing law

11.1 Time limit for claims

A claim against the Responsible Entity for a payment under an ALE Note 2 is void unless made within five years after the date on which payment first became due.

11.2 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, the Responsible Entity may without the consent of the Holders or the Trustee, amend these Terms if the Responsible Entity is of the opinion that such alteration is:

- (a) of a formal or technical or minor nature;
- (b) made to cure any ambiguity or correct any manifest error;

- (c) necessary or expedient for the purpose of enabling the ALE Notes 2 to be:
- (i) listed for quotation, or to retain quotation, on any stock exchange; or
 - (ii) offered for subscription or for sale under the laws for the time being in force in any place,

and the Responsible Entity has provided to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that such alteration is otherwise not materially prejudicial to the interests of Holders as a whole; or

- (d) necessary to comply with:
- (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the Responsible Entity may propose to seek a listing or quotation of the ALE Notes 2,

and the Responsible Entity has provided to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that such alteration is otherwise not materially prejudicial to the interests of Holders as a whole.

11.3 Amendments with consent

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Responsible Entity may with the approval of the Trustee amend these Terms:

- (a) except as otherwise provided in paragraphs (b), (c) and (d) below, if such alteration is authorised by a Holder Resolution;
- (b) in the case of an alteration to this clause 11.3 or any clause of the Trust Deed providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such alteration;
- (c) in the case of alteration to the Meeting Provisions and to which clause 11.2 does not apply, if a Special Resolution is passed in favour of such alteration; and
- (d) otherwise in accordance with the Trust Deed.

11.4 Governing law

The ALE Notes 2 are governed by the law in force in New South Wales.

11.5 Jurisdiction

The Responsible Entity, the Trustee and the Holders irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Responsible Entity, the Trustee and each Holder waives any right it has to object to an action being brought in those courts, to claim that such action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

12. Definitions and interpretation

12.1 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and the converse.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause, annexure or schedule is a reference to a clause of, or annexure or schedule to, the Trust Deed.
- (f) A reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes.
- (g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (h) A reference to *writing* includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (i) A reference to *conduct* includes an omission, statement or undertaking, whether or not in writing.
- (j) The meaning of terms is not limited by specific examples introduced by *including*, or *for example*, or similar expressions.
- (k) An Event of Default *subsists* until it has been remedied or waived in writing by the Trustee.
- (l) All references to time are to Sydney time.
- (m) Nothing in this Deed is to be interpreted against a party on the ground that the party put it forward.
- (n) A reference to *Australian dollars*, *dollar*, *\$* or *cent* is a reference to the lawful currency of Australia. If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars.

- (o) Any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally.
- (p) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

12.2 Document or agreement

A reference to:

- (a) an **agreement** includes an Encumbrance, Guarantee, undertaking, deed, agreement or legally enforceable arrangement whether or not in writing; and
- (b) a **document** includes an agreement (as so defined) in writing or a certificate, notice, instrument or document.

A reference to a specific agreement or document includes it as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by this Deed.

12.3 Definitions

The following definitions apply unless the context requires otherwise.

Accounting Standards means:

- (a) the accounting standards from time to time approved under the Corporations Act;
- (b) the requirements of the Corporations Act in relation to the preparation and content of accounts; and
- (c) generally accepted accounting principles and practices in Australia consistently applied, except those principles and practices which are inconsistent with the standards or requirements referred to in paragraph (a) or (b).

Additional Amount means the amount by which any payment under these Terms is increased under clause 9.2.

ALE Direct Property Trust means the ALE Direct Property Trust, being a wholly owned sub-trust of the ALE Property Trust.

ALE Note 2 means a debt obligation issued, or to be issued, by Australian Leisure and Entertainment Property Management Limited as responsible entity for the Australian Leisure and Entertainment Property Trust which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

ALE Notes means the debt obligations issued by the Responsible Entity under a prospectus dated 26 September 2003, which are quoted and trade on the ASX under the code LEPHB.

ALE Property Group means Australian Leisure and Entertainment Property Management Limited (ABN 45 105 275 278) in its own right and in its capacity as responsible entity of the Australian Leisure and Entertainment Property Trust (ARSN 106 063 049).

ALE Property Trust means the trust constituted by the Constitution.

ALE Stapled Security means one unit in the Australian Leisure and Entertainment Property Trust (ARSN 106 063 049) and one ordinary share in Australian Leisure and Entertainment Property Management Limited (ABN 45 105 275 278) which are stapled together (so that they may only be traded together).

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASTC Operating Rules means the operating rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Australian Tax Act means the *Income Tax Assessment Act 1936* (Cth) and, where applicable, the *Income Tax Assessment Act 1997* (Cth).

Bill has the meaning it has in the *Bills of Exchange Act 1909* (Cth) and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

Bookbuild means the process conducted by, or on behalf of, the Responsible Entity prior to the opening of the offer for the ALE Notes 2 whereby certain institutional investors and brokers who wish to obtain a firm allocation of the ALE Notes 2 (whether for themselves or their clients) lodge bids for the ALE Notes 2 and, on the basis of those bids, the Responsible Entity determines the Margin (as defined in clause 2.2) and announces its determination prior to the opening of such offer.

Business Day has the meaning given to that term in the ASX Listing Rules.

Change of Control Early Redemption Notice has the meaning given in clause 4.4(b).

Change of Control Event means a person and its associates have a relevant interest (other than a relevant interest pursuant to a conditional arrangement or agreement or understanding) in more than 50% of the issued ALE Stapled Securities, having had a relevant interest in less than 50% of the issued ALE Stapled Securities. In this definition **relevant interest** and **associate** have the same meaning as in chapter 6 of the Corporations Act.

Change of Control Event Notification has the meaning given in clause 4.5(b).

Change of Control Event Redemption Date will be the 5th Business Day after the expiry of the Change of Control Event Redemption Period.

Change of Control Event Redemption Exercise Notice has the meaning given in clause 4.5(b)(iii).

Change of Control Event Redemption Period means the period beginning on the date the Responsible Entity provides the notification described in clause 4.5(b) and ending 20 Business Days after that date.

Clean Up Event means that at any time the aggregate Face Value of the ALE Notes 2 that have not been Redeemed or repurchased and cancelled is less than 30% of the aggregate Face Value of the ALE Notes 2 originally issued.

Clearing System means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearance system.

Constitution means the constitution of the ALE Property Trust (ARSN 106 063 049) dated 19 August 2003 (as amended from time to time).

Corporations Act means the *Corporations Act 2001* (Cth).

CPI means consumer price index.

Delisting Event will occur if:

- (a) the ALE Notes 2 cease to be quoted or admitted to trading on the ASX; or
- (b) trading of the ALE Notes 2 on the ASX is suspended for a period of more than 15 consecutive Business Days.

Delisting Notification has the meaning given in clause 4.3(b).

Delisting Redemption Date will be the 5th Business Day after the expiry of the Delisting Redemption Period.

Delisting Redemption Exercise Notice has the meaning given in clause 4.3(b)(iii).

Delisting Redemption Period means the period beginning on the date the Responsible Entity provides the notification described in clause 4.3(b) and ending 20 Business Days after that date.

Derivative Assets means the value (if positive) of 'Derivatives' as set out in the most recent audited consolidated balance sheet of the ALE Property Trust and its controlled entities prepared in accordance with Accounting Standards.

Derivative Liabilities means the value (if negative) of 'Derivatives' as set out in the most recent audited consolidated balance sheet of the ALE Property Trust and its controlled entities prepared in accordance with Accounting Standards.

Encumbrance means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

Event of Default means the happening of any event set out in clause 6.1.

Face Value means the nominal principal amount of each ALE Note 2, being \$100.00 or the principal amount outstanding from time to time, as the context requires.

Finance Debt means indebtedness (whether actual or contingent) in respect of money borrowed or raised or other financial accommodation. It includes indebtedness under or in respect of:

- (a) a Guarantee of Finance Debt or a Guarantee given to a financier;
- (b) a finance lease;
- (c) an acceptance, endorsement or discounting arrangement;
- (d) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; or
- (e) any obligation (actual or contingent) to make any payment of:
 - (i) the increased principal amount of any capital indexed or CPI linked bond or similar instrument; or
 - (ii) the increased notional amount under any capital indexed or CPI linked derivative or hedge transaction,

but excludes:

- (f) indebtedness owing by a member of the ALE Property Group to another member of the ALE Property Group;
- (g) Limited Recourse Debt; and
- (h) Derivative Liabilities, except to the extent included in paragraph (e)(ii).

Financial Instrument has the meaning given in the Constitution.

First Extended Maturity Date has the meaning given by clause 3.1(b)(i).

First Extended Redemption Value has the meaning given in clause 4.1(b).

First Interest Payment Date means, in respect of an ALE Note 2, 20 August 2010.

Gearing means, at any time, the ratio (expressed as a percentage) of:

- (a) the face value of all Finance Debt of ALE Property Group at that time which ranks in priority or equally with the ALE Notes 2 (for the avoidance of doubt, including the ALE Notes) less cash and cash equivalents; to
- (b) the Value of Assets.

Government Agency means any government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any stock exchange.

Guarantee means an obligation to offer to provide funds (including by subscription or purchase) or otherwise be responsible in respect of an obligation or indebtedness, or the financial condition or insolvency, of another person. It includes a guarantee, indemnity, letter of credit or legally binding letter of comfort, or an obligation or offer to purchase as obligation or indebtedness of another person.

Higher Rate means at the prevailing Interest Rate specified in clause 2.2 plus 2% per annum.

Holder means, in respect of an ALE Note 2, the person whose name is entered on the Register as the holder of that ALE Note 2.

Holder Resolution means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
 - (i) by more than 50% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (b) if the meeting is by postal ballot or written resolution, then by Holders representing (in aggregate) more than 50% of the Face Value of all of the outstanding ALE Notes 2.

Initial Maturity Date has the meaning given by clause 3.1(a).

Initial Redemption Value has the meaning given by clause 4.1(a).

Insolvency Event occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act);
- (b) it is in liquidation, in provisional liquidation, under administration or wound up (each as defined in the Corporations Act);
- (c) it enters into or makes any arrangements with its creditors as contemplated in Part 5.1 of the Corporations Act (other than for the purpose of a solvent reconstruction or amalgamation or compromise); or
- (d) it has had a controller (as defined in the Corporations Act) appointed to all or substantially all of its assets under an Encumbrance securing an amount of more than \$50,000,000 (or its equivalent in any other currency).

Interest Payment Date means, in respect of an ALE Note 2, each 20 February, 20 May (except for 20 May 2010), 20 August and 20 November in each year from its Issue Date to, and including, the Maturity Date or any Redemption Date or, if any of those dates fall on a day which is not a Business Day, then the Interest Payment Date will be the following Business Day.

Interest Period means, in respect of an ALE Note 2, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Settlement Date; and
- (b) the final Interest Period ends on (but excludes) the earlier of the Maturity Date and the Redemption Date of the ALE Note 2.

Interest Rate means, for an ALE Note 2, the interest rate (expressed as a percentage per annum) payable in respect of that ALE Note 2 calculated or determined in accordance with clause 2.2.

Issue Date means, in respect of an ALE Note 2, the date on which that ALE Note 2 is issued.

Limited Recourse Debt means money raised or borrowed or other indebtedness incurred by a person for the purchase, construction, development or operation of a new or existing asset in respect of which the recourse of the financiers is limited to:

- (a) that asset or the income or cashflow derived from that asset; or
- (b) shares or other securities issued by that person,

or to the proceeds of enforcement of any Encumbrance existing over the assets referred to in paragraphs (a) and (b) provided that the financiers have no recourse against the Responsible Entity.

Market Rate has the meaning given in clause 2.2(b).

Maturity Date means the Initial Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as appropriate.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 of the Trust Deed.

Offshore Associate means an associate (as defined in section 128F of the Australian Tax Act) of the Responsible Entity that is either:

- (a) a non-resident of Australia which does not acquire the ALE Notes 2 in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the ALE Notes 2 in carrying on a business at or through a permanent establishment outside Australia.

Prospectus means the prospectus for the offer of the ALE Notes 2 dated on or about 24 March 2010 (and including any supplementary or replacement prospectus lodged with ASIC under section 719 of the Corporations Act).

Record Date means, for the payment of interest, 7:00pm (Sydney time) on the date which is eight calendar days before the relevant payment date.

Redemption means the redemption of an ALE Note 2 in accordance with clause 4 and the words **Redeem**, **Redeemable** and **Redeemed** bear their corresponding meanings.

Redemption Date means, in respect of an ALE Note 2, the date, other than a Maturity Date, on which the ALE Note 2 is, or is to be, Redeemed in whole.

Redemption Value means:

- (a) for the period between the Issue Date up to and including the Initial Maturity Date, the Initial Redemption Value set out in clause 4.1(a);
- (b) for the period commencing on the day after the Initial Maturity Date up to and including the First Extended Maturity Date, the First Extended Redemption Value set out in clause 4.1(b); and
- (c) for the period commencing on the day after the First Extended Maturity Date up to and including the Second Extended Maturity Date, the Second Extended Redemption Value set out in clause 4.1(c).

Register means the register of Holders (established and maintained under clause 15 of the Trust Deed) and, where appropriate, the term **Register** includes:

- (a) a sub-register maintained by or for the Responsible Entity under the Corporations Act, the ASX Listing Rules or ASTC Operating Rules; and
- (b) any branch register.

Registry means Computershare Investor Services Pty Limited (ACN 078 279 277) or any other person appointed by the Responsible Entity to maintain the Register and perform any payment and other duties in relation to the ALE Notes 2.

Relevant Tax Jurisdiction means any country, or political sub-division of one or more countries, or any federation or association of countries:

- (a) in which Australian Leisure and Entertainment Property Management Limited as responsible entity for the Australian Leisure and Entertainment Property Trust is either incorporated or is resident or domiciled for any tax purpose; or
- (b) from which, or through which, any payment in relation to an ALE Note 2 is made.

Responsible Entity means Australian Leisure and Entertainment Property Management Limited as responsible entity of the Australian Leisure and Entertainment Property Trust.

Second Extended Maturity Date has the meaning given by clause 3.1(b)(ii).

Second Extended Redemption Value has the meaning given by clause 4.1(c).

Settlement Date means, in respect of an ALE Note 2, the Business Day immediately preceding the Issue Date.

Significant Change means:

- (a) ALE Property Trust, or ALE Direct Property Trust, completes the sale of all or substantially all of its business undertaking or assets (other than to effect a solvent reconstruction); or
- (b) a person and its associates (other than ALE Property Trust or a wholly owned subsidiary or controlled entity of ALE Property Trust) have a relevant interest in more than 50% of the ordinary units in ALE Direct Property Trust.

Significant Change Notification has the meaning given in clause 4.6(b).

Significant Change Redemption Date will be the 5th Business Day after the expiry of the Significant Change Redemption Period.

Significant Change Redemption Exercise Notice has the meaning given in clause 4.6(b)(iii).

Significant Change Redemption Period means the period beginning on the date the Responsible Entity provides the notification described in clause 4.6(b) and ending 20 Business Days after that date.

Special Distribution means any distribution by the ALE Property Trust which is not a distribution made from the higher of:

- (a) distributable income; and
- (b) taxable income.

Special Resolution means:

- (a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the Face Value of all of the outstanding ALE Notes 2.

Stapled Securityholders means the holders of ALE Stapled Securities.

Subsidiary has the meaning given in the Corporations Act, but as if **body corporate** includes any entity. It also includes an entity whose profit or loss is required by current accounting practice to be included in the consolidated annual profit and loss statements of that entity or would be required if that entity were a corporation.

Terms means, in relation to an ALE Note 2, the terms of issue of that ALE Note 2 as set out in schedule 1 of the Trust Deed.

Tax means any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any Government Agency and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means:

- (a) that the Responsible Entity is, or would on any Interest Payment Date be, required to pay an Additional Amount; or
- (b) if as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, payment of interest on an ALE Note 2 is not, or may not or will cease to, be allowed as a deduction for the purposes of ALE Property Group's Australian income tax liability calculation.

Trust Deed means the trust deed to which these Terms are attached as schedule 1.

Trustee means Trust Company Fiduciary Services Limited or any replacement Trustee appointed in accordance with the Trust Deed.

Value of Assets means the gross value of all of the assets of ALE Property Group less cash (and cash equivalents) and less any Derivative Assets.



CORPORATE DIRECTORY

The Issuer

Australian Leisure and Entertainment Property Management Limited (ABN 45 105 275 278) as responsible entity for:
Australian Leisure and Entertainment Property Trust
ARSN 106 063 049
Australian financial services licence 230749

Registered office

Level 7
1 O'Connell Street
Sydney NSW 2000

ALE Information Line

1800 106 756 (within Australia)
+61 3 9415 4613 (international)

Directors

John Henderson
James McNally
Peter Warne
Andrew Wilkinson
Helen Wright

Lead Manager

Macquarie Capital Advisers Limited
No. 1 Martin Place
Sydney NSW 2000
101 Collins Street
Melbourne VIC 3000

Lawyers

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

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Trustee

Trust Company Fiduciary Services Limited
Level 3, 350 Collins Street
Melbourne VIC 3000

Registry

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

Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone 1300 302 429
Facsimile (02) 8235 8150

www.computershare.com.au

Website – further information, Applications and payments

www.alegroup.com.au



WWW.ALEGROUP.COM.AU