

The total value of ALE's properties increased by 0.9% to around \$1,174 million during the year.

COVID-19

ALE notes the following with respect to the impacts of the spread of novel coronavirus (COVID-19):

- ALE's first actions were to ensure the wellbeing and safety of our staff. The Company implemented its Business Continuity Plan and staff were able to work from home with minimal impact on normal day to day operations.
- To date there has been minimal impact to operating performance and property values have been maintained at pre COVID-19 levels, showing resilience and the strength of the lease covenant.
- The COVID-19 pandemic has impacted market activity in many sectors in the economy and this has been particularly evident in the pub sector where trading restrictions have been put in place.
- Notwithstanding the uncertainty that the COVID-19 pandemic is currently having on property values, the valuation assessment undertaken by the Group indicates that demand still exists for prime assets secured by strong tenant covenants with long lease terms and yields are holding to pre-COVID-19 levels.
- In the event that the impacts of COVID-19 become material or more prolonged than anticipated, and ALH does not continue to meet its rental obligations (being a key assumption underlying the valuations), this may have an adverse impact upon the fair value of ALE's property portfolio.
- The Directors and management continue to monitor the situation closely and expect the year ahead to be challenging as the recovery from the effects of the pandemic, from a financial and community perspective, will be long-lasting.



Andrew Wilkinson,
Managing Director

Results for Year Ended 30 June 2020

Millions	June 20	June 19	Change
Revenue from Properties	\$61.4	\$60.2	\$1.2
Other revenue	\$0.3	\$0.8	(\$0.5)
Borrowing expense	(\$22.0)	(\$22.2)	\$0.2
Management expense	(\$5.9)	(\$7.6)	\$1.7
Land tax expense	(\$3.3)	(\$2.9)	(\$0.4)
Distributable Profit¹	\$30.4	\$28.3	\$2.1
Distributable Profit (cps)	15.53c	14.45c	1.08c
Distribution (cps)	20.90c	20.90c	-

The difference between the distribution and distributable profit for the period was paid out of capital and funded from existing cash reserves. Distributable profit excludes the non-cash accounting items including changes to investment property and derivative values.

Distributable Profit

A number of factors contributed to a distributable profit of \$30.4 million for the year to 30 June 2020:

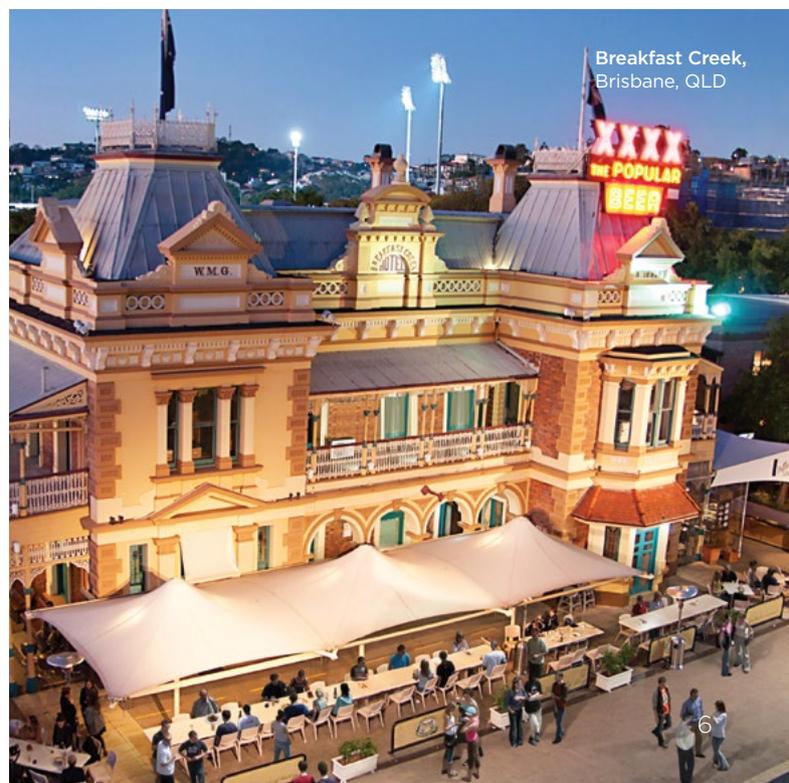
- Property income increased by 2.0% to \$61.4 million due to rent increases resulting from average rent increases of 1.7% for 43 of the 86 properties;
- Borrowing expenses remained largely unchanged;
- Management expenses were materially lower due to a reduction in the one-off costs in FY19 relating to the preparation of rent review submissions for determination; and
- Land tax expenses increased based on increased land tax rates in Queensland.

The unchanged distribution of 20.90 cents per security will be 49.42% tax deferred.

Accounting Profit Result

ALE's reported net profit after tax (NPAT) of \$20.0 million for the year to 30 June 2020 includes non-cash adjustments to reflect the increases in the value of the property assets and interest rate derivative liabilities. The NPAT also includes other non-cash items including amortisation of pre-paid financing costs and CIB accumulating indexation. A full reconciliation of accounting profit to distributable profit has been provided in the Directors' Report.¹

“The unchanged distribution of 20.90 cents per security will be 49.42% tax deferred.”



Breakfast Creek,
Brisbane, QLD

Statutory Property Valuations

The statutory valuations increased by 0.9% to \$1,174.2 million at 30 June 2020 based on independent valuations conducted by CBRE and Savills on 82 of the 86 properties. Consistent with the stable market yields for pub properties, ALE's weighted average adopted yield reduced from 5.09% to 5.08%. The portfolio's passing net rent (or annualised net rent as at 30 June 2020) increased 0.8% during the year to \$59.6 million.

For further details please refer to the ASX Announcement made by ALE on 5 August 2020.

Capital Management

ALE's debt capital structure was characterised by the following positive features at 30 June 2020:

- Investment grade credit rating of Baa2 (stable);
- Debt maturities diversified over the next 3.4 years;
- 96% of forecast net debt hedged over the next 5.4 years;
- Gearing at historical low of 41.3% (41.5% at June 2019); and
- Debt facility of \$250 million repaid all CY20 maturing debt.

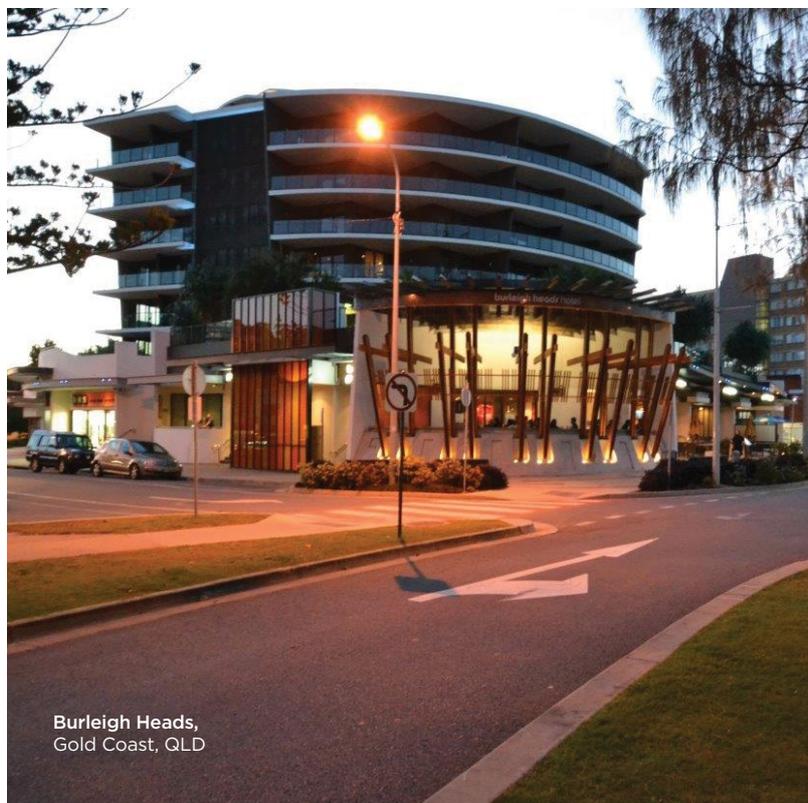
ALE's debt facilities include a number of market standard covenants. ALE currently enjoys significant headroom to all of them. The total value of ALE's properties would need to fall in value by 33% (around \$390 million) before breaching the nearest gearing covenant.

2018 Rent Review

During FY19 ALE's first major rent review commenced on 79 of ALE's 86 investment properties. Of the remaining seven properties, four properties have later review dates, including two that have received CPI increases in the current period; and three properties have non-standard leases.

On 3 August 2018, ALE issued rent notices to its tenant, ALH, advising that the rent on each of the 79 properties subject to the current rent review should increase by the maximum 10%. ALE and ALH subsequently agreed that 36 properties' rents would increase by that maximum 10%. 43 properties remain subject to independent determination and may increase or decrease by up to 10%.

An increase for 43 of the 86 properties increased ALE's total passing gross rent as at 30 June 2020 to \$61.51 million, an increase of 0.9% on the prior year.



Burleigh Heads,
Gold Coast, QLD

The following table provides additional information around the types of leases and timing of the rent reviews:

Hotel	Next Rent Review Date	Rent* (\$m)	Next Renewal Date	Renewal Term (Years)	Lease Type, Review and Renewal Details**
Berwick, VIC	Jun 2018	1.20	Jun 2028	10	Standard lease. In progress.
40 Hotels	Nov 2018	26.49	Nov 2028	10	40 standard leases. In progress.
Pelican Waters, QLD	Dec 2018	0.50	Dec 2028	10	Standard lease. In progress.
Four Mile Creek, QLD	Dec 2018	0.46	Dec 2028	10	Standard lease. Minimum ratchet and maximum 10%. In progress.
Balmoral, WA	Feb 2023	0.52	Feb 2023	5	Greater of CPI and 7% of Turnover.
Burleigh Heads, QLD	Nov 2023	0.81	Nov 2033	10	Standard lease.
Narrabeen Sands, NSW	Jun 2024	0.84	Jun 2034	10	Standard lease.
Brass Monkey, WA	Jun 2025	0.60	—	—	Ratchet and renewed to June 2025 with no further extensions.
Anglers Arms, QLD	Nov 2028	0.66	Nov 2028	10	Standard lease. Increase of 10% occurred at June 2017.
36 Hotels	Nov 2028	26.88	Nov 2028	10	Standard lease. Increase of 10% agreed at November 2018.
Noosa Reef, QLD	Jun 2029	0.72	Jun 2029	10	Standard lease.
Pritchard's, NSW	Sep 2030	1.84	Sep 2030	10	Increased at fixed 3%. Lease renewed to September 2030.
Total Rent		61.51			

As noted in the table above, during the year the leases for both the Pritchard's Hotel and Brass Monkey Hotel were renewed by ALH.

* 30 June 2020 passing gross rent amounts before deducting land tax for Queensland properties. 79 of ALE's 86 properties are subject to the CY18 rent reviews.

** Standard leases review to market between February 2023 and June 2024 and may increase or decrease by up to 10% from preceding year's rent. The first of four 10-year options for ALH to renew standard leases occur between 2028 and 2034. The three non-standard leases are Balmoral, Brass Monkey and Pritchard's.

*** Property adjoining Miami Hotel, Queensland receives a passing gross rent of \$0.08 million. It is excluded from the above rent amounts.

**** The bolded four lines at the top of the table are the 43 properties subject to rental determination.



Young & Jackson,
Melbourne, VIC

Impact of COVID-19

The licensed hotel industry has been significantly impacted by the COVID-19 pandemic with ALH closing all 86 hotels owned by ALE in line with Government health directions on 23 March 2020. ALH continued to trade from 66 BWS and 23 Dan Murphy's outlets owned by ALE.

Today, ALH's operations at the hotels remain subject to a range of restrictions across the different States.

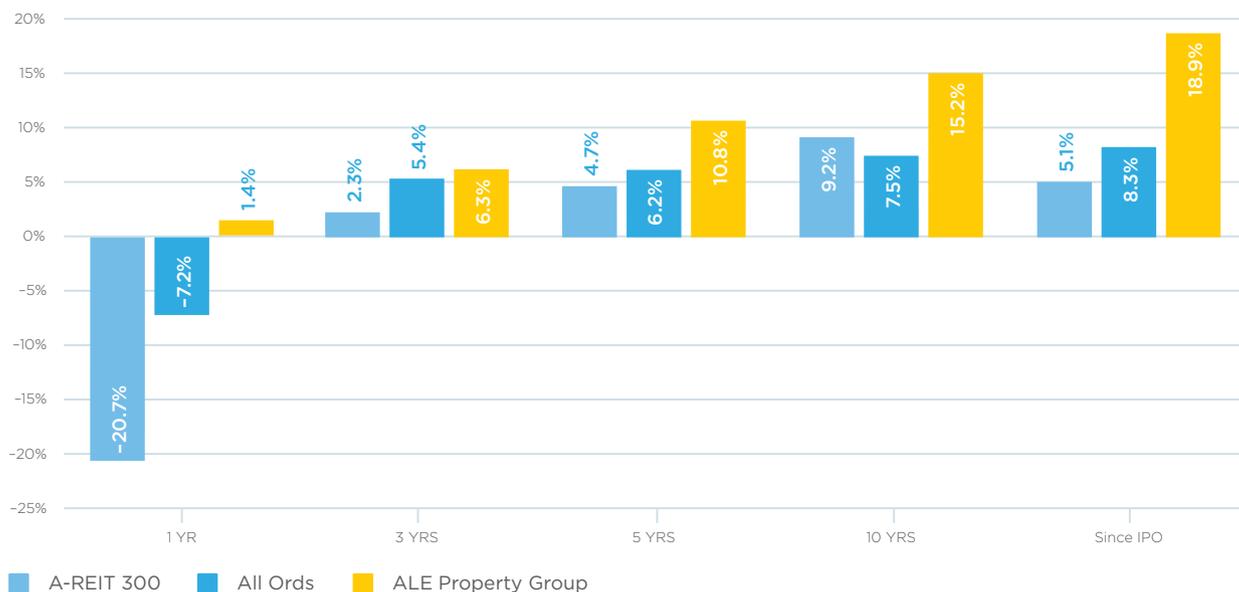
ALE's Performance

As indicated by the chart below, ALE has outperformed both the S&P/ASX 300 A-REIT index and the S&P/ASX All Ordinaries index over the past one, three, five, 10 and 17 years to 30 June 2020.

A \$1.00 investment in ALE at the time of the ASX listing nearly 17 years ago, with reinvested distributions, would have grown to \$17.67 as at 30 June 2020.³

This is equivalent to 18.9% p.a. total return since the ASX listing in 2003.

Total Return



a) Total return is the annual compound return (IRR) for the number of years ending 30 June 2020.

b) Includes ASX market price of \$4.97 as at 30 June 2020 and reinvestment of distributions and 2009 renunciation payment.

c) ALE, All Ordinaries Accumulation Index and UBS S&P REIT 300 Index data sourced from ASX, UBS and ALE.