

ASX ANNOUNCEMENT

16 December 2013

**Announcement No. 33/13
The Manager
Australian Securities Exchange**

Increase in Property Valuations as at 31 December 2013

Highlights

- Valuation of ALE's 87 properties increased by 2.19% to \$803.19 million during the half-year driven by increasing rent.
- Weighted average capitalisation rate remained stable at 6.59% (unchanged from 30 June 2013)
- ALE's capitalisation rates have moved within a narrow range over the past six years reaffirming the stability of the properties' statutory valuations.

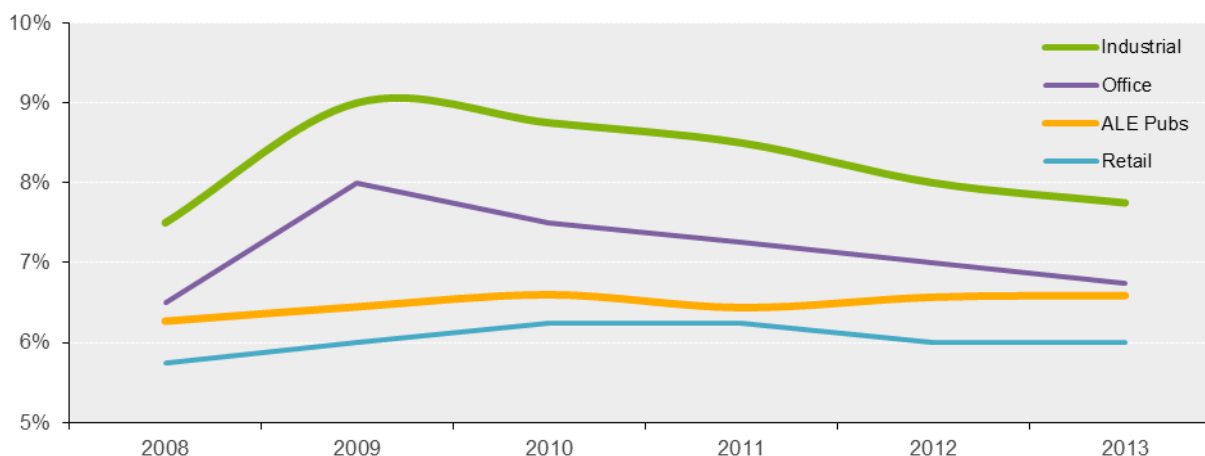
Property Valuations

Listed property trust, ALE Property Group, (ASX code: LEP) today announces that the directors have resolved to revalue the property portfolio to \$803.19 million as at 31 December 2013. This is an increase of \$17.19 million over the 30 June 2013 valuation and is substantially attributable to the 2.25% average CPI increase arising from the November 2013 rental reviews for 79 of the properties. Rent for the remaining properties is reviewed in the second half of the financial year.

The Directors' revaluations are supported by independent advice from Urbis and CBRE that it would be reasonable for the Directors of ALE to maintain the capitalisation rates adopted as at 30 June 2013 for 87 properties.

It was noted by Urbis that in recent months there has been increased activity in investment grade property, predominately occurring in B and C grade asset classes. This has led to a tightening of capitalisation rates for these asset classes. It was also noted that A grade assets with long term triple net lease covenants, similar to ALE's properties, have remained stable during the period.

The stability of ALE's property capitalisation rates have been less volatile and remained stable over a long period (as shown in the below chart).



Source: ALE and Urbis

Note: ALE's weighted average capitalisation rates are based on independent and Directors' valuations

The Board has not had the individual properties revalued independently as at 31 December 2013. The next round of independent valuations will be undertaken as at 30 June 2014.

The following table provides an analysis of the increases in value arising from the CPI increase in net rental income and some minor land tax savings:

State	Property Number	Net Rent at Dec 13 \$m	Weighted Average Cap Rate	Total Value at Dec 13 \$m	Increase In Value \$m
NSW	10	\$7.45	6.60%	\$112.87	\$2.24
QLD	32	\$15.17	6.38%	\$237.88	\$5.24
SA	7	\$2.19	6.71%	\$32.69	\$0.63
VIC	34	\$26.27	6.68%	\$392.98	\$8.58
WA	4	\$1.83	6.83%	\$26.77	\$0.50
Total Portfolio	87	\$52.91	6.59%	\$803.19	\$17.19

(a) Net Rent is current rent net of Queensland land tax

(b) Rounding differences occur due to individual property valuations being rounded to the nearest \$10,000

Net Assets per Security

ALE's net assets at 30 June 2013 were \$1.90 per security.

Based on the above property revaluations as at 31 December 2013, ALE expects the value of net assets since 30 June 2013 to have increased by around \$0.09 per security, before the impact of other transactions.

The final net assets per security amount will be announced with the release of ALE's audited half year results, expected to be on or around 23 January 2014. The final net assets position will include, among other items, property and derivative fair value movements and the final operating result for the half-year.

- Ends -

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