

ASX ANNOUNCEMENT

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The Manager
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ALE COMPLETES AMTN REFINANCING

Highlights

- ALE issues \$150 million AMTN at fixed coupon of 4.00% p.a.
- Proceeds to be used to redeem maturing AMTN, finance hedging amendment and provide working capital
- Refinancing extends weighted average term of debt from 3.7 to 5.0 years
- Diversifies debt maturities across the next 6.7 years to November 2023
- All up current fixed cash interest rate reduced from 4.35% to 4.28% p.a.
- Hedging amended to match new debt profile.

Australian Medium Term Note Issue

ALE Property Group (ASX: LEP) is pleased to announce that today its subsidiary ALE Direct Property Trust successfully priced an Australian Medium Term Note (AMTN) with the following terms:

- issue amount of \$150 million;
- fixed coupon interest rate of 4.00%;
- interest rate includes a margin of 1.50%; and
- term of approximately 5.5 years, maturing 20 August 2022.

This issue completes the refinancing process foreshadowed in our full year results announcement in late February 2017 and is consistent with ALE's strategy of actively managing its capital and refinancing risks.

Proceeds will be used to redeem the existing \$110 million AMTN on 20 May 2017, or earlier by agreement with each AMTN investor, fund the up-front costs of amending ALE's hedging and provide working capital.

Following completion of the refinancing, ALE's weighted average duration of debt facilities will increase from 3.7 to 5.0 years.

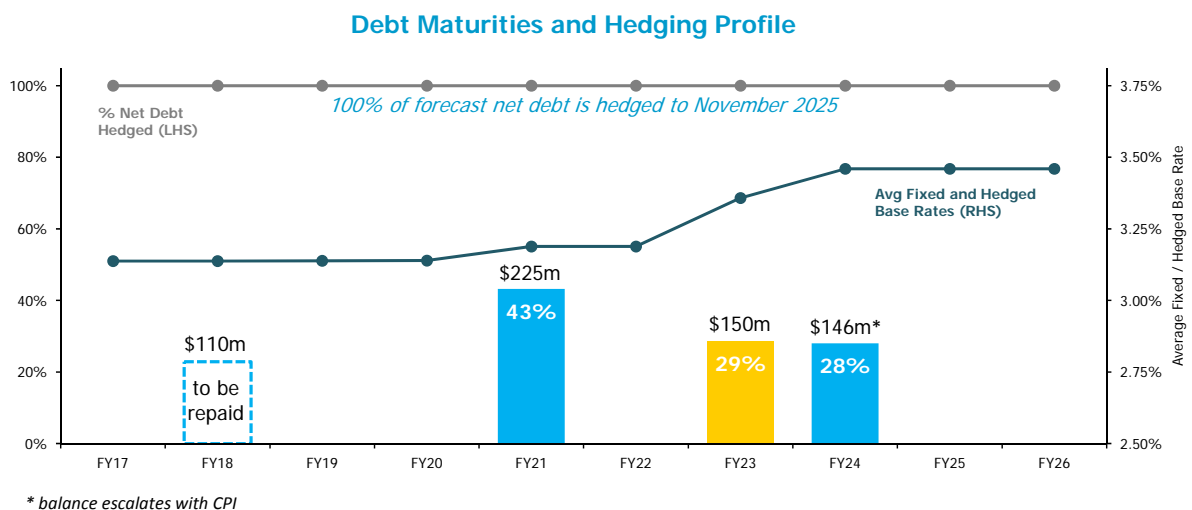
Hedging Amendment

In keeping with ALE's proactive policy of reducing refinancing risk and increasing the certainty of future distributions, forward start interest rate hedging on 100% of ALE's net debt to November 2025 was previously put in place.

With the issue today of the new \$150 million fixed rate AMTN, ALE has removed a corresponding amount of the existing forward start hedging over the term to August 2022 at a cost of \$7.2 million. This cost is similar to the benefit arising from the reduction in ALE's base interest expense over the same term.

Debt Maturities and Hedging Profile

The chart below demonstrates the debt maturities and hedging profile following the issue of the new AMTN and hedging amendment:



ALE's debt capital structure continues to be characterised by the following positive features:

- Debt structure with two types of fixed rate bonds
- Investment grade credit rating of Baa2 (stable)
- Maturity dates that are diversified over the next 6.7 years
- 100% of net debt hedged at low rates for 8.7 years
- All up current fixed cash interest rate reduced from 4.35% to 4.28% p.a.
- Gearing remains below target range at 45.5%.

The AMTN issue continues to include a number of market standard covenants, to which ALE currently enjoys significant headroom. The total value of ALE's properties would need to fall in value by around 25% or \$250 million to reach the nearest covenant.

Conclusion

Commenting on the note issue, ALE's Managing Director, Andrew Wilkinson said:

"We were delighted with the strong response we received from a wide range of domestic and international institutional investors, a number of whom have participated in ALE's various debt issues since 2003. The competitive cost of the refinancing is testament to the market's positive view of ALE's business outlook and capital structure."

The joint lead managers for the issue were Citigroup Global Markets Australia and UBS AG, Australia Branch.

ALE Direct Property Trust, an entity wholly owned by ALE Property Group, holds a provisional rating of Baa2 / Stable by Moody's Investors Service.

- Ends -

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