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Australian Leisure and Entertainment Property Management Limited

ABN 45 105 275 278

Contents

ANNUAL REPORT

2015

Australian Leisure and Entertainment Property Management Limited

Australian Leisure and Entertainment Property Management Limited is the responsible entity and the management company of ALE Property Group

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DIRECTORS' REPORT

For The Year Ended 30 June 2015

The Directors of Australian Leisure and Entertainment Property Management Limited (the "Company") present their report for the year ended 30 June 2015.

The registered office and principal place of business of the Company is:
Level 10
6 O'Connell Street
Sydney 2000

1 Directors

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

Name	Type	Appointed	Resigned
P H Warne (Chairman)	Independent non-executive	8 September 2003	
J P Henderson	Independent non-executive	19 August 2003	6 November 2014
H I Wright	Independent non-executive	8 September 2003	
P J Downes	Independent non-executive	26 November 2013	
P G Say	Independent non-executive	24 September 2014	
N J Milne	Independent non-executive	6 February 2015	
A F O Wilkinson (Managing Director)	Executive	16 November 2004	
J T McNally	Executive	26 June 2003	

2 Principal activities

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

3 Dividends

No provisions for or payments of Company dividends have been made during the year (2014: nil).

4 Review of operations

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

	30 June 2015 $	30 June 2014 $
Revenue		
Expense reimbursement	4,013,868	3,843,332
Interest income	12,664	93,199
Total revenue	**4,026,532**	**3,936,531**
Expenses		
Salaries, fees and related costs	2,508,417	2,490,680
Other expenses	1,565,452	1,568,256
Total expenses	**4,073,869**	**4,058,936**
Profit/(loss) before income tax	**(47,337)**	**(122,405)**
Income tax expense / (benefit)	(74,675)	16,576
Profit/(loss) attributable to the shareholders of the Company	**27,338**	**(138,981)**

	Cents	Cents
Basic and diluted earnings per share	0.01	(0.07)
Dividend per share for the year	-	-
Net assets per share	7.39	7.35

5 Significant changes in the state of affairs

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

6 Matters subsequent to the end of the financial year

In the opinion of the Directors of the Company, no transaction or event of a material and unusual nature has occurred between the end of the financial year and the date of this report that may significantly affect the operations of the Company, the results of those operations or the state of the affairs of the Company in future financial years.

7 Likely developments and expected results of operations

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

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

8 Information on Directors

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

Experience and expertise

Peter was appointed as Chairman and Non-executive Director of the Company in September 2003.

Peter began his career with the NSW Government Actuary's Office and the NSW Superannuation Board before joining Bankers Trust Australia Limited (BTAL) in 1981. Peter held senior positions in the Fixed Income Department, the Capital Markets Division and the Financial Markets Group of BTAL and acted as a consultant to assist with integration issues when the investment banking business of BTAL was acquired by Macquarie Bank Limited in 1999. Peter is Chairman of OzForex Group Limited and a board member of ASX Limited and Macquarie Group Limited. He is also on the board of NSW Treasury Corporation and is a member of the Advisory Board for the Australian Office of Financial Management.

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.

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

Experience and expertise

Helen was appointed as a non-executive director of the Company in September 2003. She chairs the Audit Compliance and Risk Management Committee. Helen was a partner of Freehills, a leading Australian firm of lawyers, from 1986 to 2003. She practiced as a commercial lawyer specialising in legislative interpretation, contract, and real estate projects including development and financing and related taxation and stamp duties.

Helen is the Chair of the Advisory Committee of Screen NSW (formerly Film & Television Office), and for ten years until recently was the Statutory and Other Offices Remuneration Tribunal for NSW and the Local Government Remuneration Tribunal for NSW. Prior appointments include the Boards of several State, commercial, university and charitable entities. Helen has a Bachelor of Laws from the University of NSW and in 1994 completed the Advanced Management Program at the Harvard Graduate School of Business Administration.

Ms Phillipa Downes, BSc (Bus Ad), MAppFin, GAICD, Non-executive Director.

Experience and expertise

Pippa was appointed a Director on 26 November 2013.

Ms Downes is a director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies. She is also on the panel of the ASX Appeals Tribunal. Pippa is also a director of the Pinnacle Foundation. Ms Downes was a Managing Director and Equity Partner of Goldman Sachs in Australia until October 2011, working in the Proprietary Investment division. Ms Downes has had a successful international banking and finance career spanning over 20 years where she has led the local derivative and trading arms of several of the world's leading Investment Banks. She has extensive experience in Capital Markets, derivatives and asset management.

Prior to joining Goldman Sachs in 2004, Ms Downes was a director and the Head of Equity Derivatives Trading at Deutsche Bank in Sydney. When Morgan Stanley was starting its equity franchise in Australia in 1998 she was hired to set up the Derivative and Proprietary Trading business based in Hong Kong and Australia. Ms Downes started her career working for Swiss Bank O'Connor on the Floor of the Pacific Coast Stock Exchange in San Francisco, followed by the Philadelphia Stock Exchange before returning to work in Sydney as a director for UBS.

Pippa was previously an appointed Director on the Board of Swimming Australia and the Swimming Australia Foundation. Pippa graduated from the University of California at Berkeley with a Bachelor of Science in Business Administration majoring and Finance and Accounting. Pippa also completed a Masters of Applied Finance from Macquarie University in 1998.

Mr Paul Say, BSc(Bus Ad), MAppFin, GAICD, Non-executive Director.

Experience and expertise
Paul has over 30 years' experience in commercial and residential property management, development and real estate transactions with major multinational institutions. Mr Say was Chief Investment Officer at Dexus Property Group from 2007 to 2012. Prior to that he was with Lend Lease Corporation for 11 years in various positions culminating with being the Head of Corporate Finance.

Paul has a Graduate Diploma in Finance and Investment and a Graduate Diploma in Financial Planning. He is a Fellow of the Royal Institute of Chartered Surveyors, Fellow of the Australian Property Institute and a Licensed Real Estate Agent (NSW, VIC, QLD).

Ms Nancy Milne, OAM, LLB, FAICD, Non-executive Director.

Experience and expertise
Nancy is a former lawyer with over 30 years' experience with primary areas of legal expertise in insurance and reinsurance, risk management, corporate governance and professional negligence. She was a partner with Clayton Utz until 2003 and a consultant until 2012. She is currently Chairman of the Securities Exchange Guarantee Corporation. She was previously a director of Australand Property Group, Crowe Horwarth Australasia, Greenstone Limited and Novian Property Group.

Nancy has a Bachelor of Laws from the University of Sydney. She is a member of the NSW Council of the Australian Institute of Company Directors and the Institute's Law Committee.

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

Experience and expertise
Andrew was appointed Managing Director of the Company in November 2004. He joined ALE as Chief Executive Officer at the time of its listing in November 2003. Andrew has around 35 years' experience in banking, corporate finance and funds management. He was previously a corporate finance partner with PricewaterhouseCoopers and spent 15 years in finance and investment banking with organisations including ANZ Capel Court and Schroders.

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

Experience and expertise
James was appointed as an executive and founding director of the company in June 2003. James has over 20 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' qualifications include a Bachelor of Business in land economy and a Diploma of Law. James is also a registered valuer and licensed real estate agent.

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

Experience and expertise
Brendan was appointed to the position of company secretary in April 2007, having previously held the position from September 2003 to September 2006. Brendan has a Bachelor of Economics from the University of Sydney and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He was formerly an associate member of both the Securities Institute of Australia and the Institute of Chartered Accountants in Australia.

Brendan has over 23 years' experience in the funds management and financial services industries. Brendan has a property and accounting background and has previously held senior positions with a leading Australian trustee company administrating listed and unlisted property trusts.

For over 14 years Brendan has been directly involved with MIA Services Pty Limited, a company which specialises in funds management compliance, and acts as an independent consultant and external compliance committee member for a number of property, equity and infrastructure funds managers. Brendan also acts as an independent director for several unlisted public companies, some of which act as responsible entities.

Brendan is a member of the Australian Institute of Company Directors.

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

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

Experience and expertise

David was appointed to ALE's ACRMC on 9 December 2005 and has over 25 years' experience in internal auditing in the banking and finance industry. He was the Chief Audit Executive for Citibank in the Philippines, Italy, Switzerland, Mexico, Brazil, Australia and Hong Kong. He was Group Auditor for the Commonwealth Bank of Australia. David is, the Chairman of the Australian Trade Commission Audit and Risk Committee, and the National Mental Health Commission Audit Committee, and is an audit committee member of the Australian Office of Financial Management, the Department of Foreign Affairs and Trade, the Australian Sports Anti-Doping Authority, and the Australian Maritime Safety Authority. David is Chairman of Australian Settlements Limited. David has a Bachelor of Business Studies from Manchester Metropolitan University in the UK. He is a Fellow of CPA Australia and a past President of the Institute of Internal Auditors – Australia.

Special responsibilities of Directors

The following are the special responsibilities of each Director:

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

Directors' and key management personnel interests in stapled securities and ESSS rights

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

Name	Role	Number held at the start of the year	Net Movement	Number held at the end of the year
P H Warne	Non-executive Director	1,185,000	-	1,185,000
H I Wright	Non-executive Director	150,000	-	150,000
P J Downes	Non-executive Director	213,394	510	213,904
P G Say	Non-executive Director	-	-	-
N J Milne	Non-executive Director	-	20,000	20,000
A F O Wilkinson	Executive Director	213,668	31,055	244,723
J T McNally	Executive Director	55,164	-	55,164
A J Slade	Capital Manager	31,418	18,582	50,000
M J Clarke	Finance Manager	11,727	3,273	15,000
D J Shipway	Asset Manager	4,000	-	4,000

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

Name	Role	Number held at the start of the year	Granted during the year	Lapsed/ Delivered during the year	Number held at the end of the year
Performance Rights					
A J Slade	Capital Manager	8,272	-	(8,272)	-
ESSS Rights					
A F O Wilkinson	Executive Director	78,014	63,732	-	141,746
A J Slade	Capital Manager	77,274	31,375	(34,571)	74,078
M J Clarke	Finance Manager	8,825	7,844	-	16,669
D J Shipway	Asset Manager	8,825	3,922	-	12,747

Meetings of Directors

The number of meetings of the Company's Board of Directors held and of each Board committee meeting held during the year ended 30 June 2013 and the number of meetings attended by each Director at the time the Director held office during the year were:

	Board		ACRMC		Nominations and Remuneration Committee	
Director	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
P H Warne	11	11	8	8	5	5
J P Henderson	4	3	3	2	-	-
H I Wright	11	9	8	7	5	5
P J Downes	11	11	8	8	5	5
P G Say	8	8	6	6	5	5
N J Milne	4	4	1	1	3	3
A F O Wilkinson	11	11	n/a	n/a	n/a	n/a
J T McNally	11	11	n/a	n/a	n/a	n/a
Member of Audit, Compliance and Risk Management Committee						
D J Lawler	n/a	n/a	8	8	n/a	n/a

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

9 Remuneration Report (Audited)

This report provides details on ALE's remuneration structure, decisions and outcomes for the year ended 30 June 2015 for employees of ALE including the directors, the Managing Director and key management personnel.

9.1 Remuneration Objectives and Approach

In determining a remuneration framework, the Board aims to ensure the following:

- attract, reward and retain high calibre executives;
- motivate executives to achieve performance that creates value for stapled securityholders; and
- links remuneration to performance and outcomes achieved.

The framework aligns executive reward with achievement of strategic objectives and creation of value for stapled securityholders. To do this the Board endeavours to ensure that executive reward satisfies the following objectives:

- alignment with ALE's financial, operational, compliance and risk management objectives so as to achieve alignment with positive outcomes for stapled securityholders;
- alignment with ALE's overall performance;
- transparent, reasonable and acceptable to employees and securityholders;
- rewards the responsibility, capability, experience and contribution made by executives;
- recognises individual executive's contributions towards value accretive outcomes when measured against Key Performance Indicators (KPI's); and
- market competitive and complementary to the reward strategy of the organisation.

The framework provides a mix of fixed and variable remuneration. Since the year ending 30 June 2012 the variable remuneration has been provided through the Executive Incentive Scheme (EIS). Any award under the EIS is paid 50% in cash at the year end and 50% in stapled securities with delivery deferred three years.

9.2 Remuneration and Nominations Committee

The Remuneration and Nominations Committee ("the Committee") is a committee comprising non-executive directors of the Company. The Committee strives to ensure that ALE's remuneration structure strikes an appropriate balance between the interests of ALE securityholders and rewarding, motivating and retaining employees.

The Committee's charter sets out its role and responsibilities. The charter is reviewed on an annual basis. In fulfilling its role the Committee endeavours to ensure the remuneration framework established will:

- reward executive performance against agreed strategic objectives;
- encourage alignment of the interests of executives and stapled securityholders; and
- ensure there is an appropriate mix between fixed and "at risk" remuneration.

The Committee operates independently of management in its recommendations to the Board and engages remuneration consultants independently of management. During the year ended 30 June 2015, the Committee consisted of the following:

P H Warne (Chairman)	Non-executive Director
H I Wright	Non-executive Director
P J Downes	Non-executive Director
P G Say	Non-executive Director
N J Milne	Non-executive Director

Refer page 70 of this report for information on the skills, experience and expertise of the Committee members.

The number of meetings held by the Committee and the members' attendance at them is set out on page 72.

The Committee considers advice from a wide range of external advisors in performing its role. During the current financial year the Committee retained Herbert Smith Freehills to draft updated executive service agreements.

Herbert Smith Freehills was paid $4,864 for drafting of executive service agreements.

9.3 Executive Remuneration

Executive remuneration comprises both a fixed component and an 'at risk' component. It specifically comprises:

- Fixed Annual Remuneration (FAR)
- Executive Incentive Scheme (EIS)

9.3.1 Fixed Annual Remuneration (FAR)

What is FAR? FAR is the guaranteed salary package of the executive and includes superannuation guarantee levy and salary sacrificed components such as motor vehicles, computers and superannuation.

How is FAR set? FAR is set by reference to external market data for comparable roles and responsibilities within similar listed and unlisted entities within Australia.

When is FAR Reviewed? FAR is reviewed in December each year with any changes being effective from 1 January of the following year.

9.3.2 Executive Incentive Scheme (EIS)

What is EIS? EIS is an "at risk" component of executive remuneration.

EIS is used to reward executives for achieving and exceeding annual individual KPIs.

The target EIS opportunity for executives varies according to the role and responsibility of the executive.

EIS awards comprise 50% cash and 50% deferred delivery stapled securities issued under the Executive Stapled Securities Scheme (ESSS). For executives not invited to participate in the ESSS, the EIS is paid fully in cash.

Executive	Position	Standard EIS Target (as a % of FAR)	% of EIS paid as cash	% of EIS paid as ESSS
Andrew Wilkinson	Managing Director	60%	50%	50%
Andrew Slade	Capital Manager	50%	50%	50%
Michael Clarke	Finance Manager	n/a[1]	50%	50%
Don Shipway	Asset Manager	n/a[1]	50%	50%

1. EIS awards are at the discretion of the Committee and the Board

How are EIS targets and objectives chosen? At the beginning of each year, in addition to the standard range of operational requirements, the Board sets a number of strategic objectives for ALE for that year. These objectives are dependent on the strategic opportunities and issues facing ALE for that year and may include objectives that relate to the short and longer term performance of ALE. Additionally, specific KPIs are established for all executives with reference to their individual responsibilities which link to the addition to and protection of securityholder value, improving business processes, ensuring compliance with legislative requirements, reducing risks within the business and ensuring compliance with risk management policies, as well as other key strategic non-financial measures linked to drivers of performance in future economic periods.

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

The quantum of EIS payments and awards are directly linked to over or under achievement against the specific KPIs. The Board has due regard to the achievements outlined in section 9.4.

How are EIS awards delivered? EIS cash payments are made in August each year following the signing of ALE's full year statutory financial statements.

The deferred component comprises an award of stapled securities under the ESSS. Any securities awarded under the ESSS are delivered three years after the award date provided certain conditions have been met.

How is the ESSS award calculated?	The number of ESSS Rights awarded annually under the ESSS will be determined by dividing the value of the grant by the volume weighted average price for the five trading days commencing the day following the signing of ALE's full year statutory financial statements, and grossing this number up for the future value of the estimated distributions over the three year deferred delivery period.
What conditions are required to be met for the delivery of an ESSS award?	During the three year deferred delivery period, the delivery of the Stapled Securities issued under the ESSS remains subject to the following clawback tests. ESSS rights will be forfeited in whole or in part at the discretion of the Remuneration Committee if before the end of the deferred delivery period: • the Committee becomes aware of any executive performance matter which, had it been aware of the the matter at the time of the original award, would have in their reasonable opinion resulted in a lower original award; or • the executive engages in any conduct or commits any act which, in the Committee's reasonable opinion, adversely affects ALE Property Group including, and without limitation, any act which: ・results in ALE having to make any material negative financial restatements; ・causes ALE to incur a material financial loss; or ・causes any significant financial or reputational harm to ALE and/or its businesses.

9.3.3 Summary of Key Contract Terms

Contract Details

Executive	Andrew Wilkinson	Andrew Slade	Michael Clarke	Don Shipway	James McNally	Brendan Howell
Position	Managing Director	Capital Manager	Finance Manager and Assistant Company Secretary	Asset Manager	Executive Director	Company Secretary and Compliance Officer
Contract Length	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Fixed Annual Remuneration	$435,625	$246,000	$200,900	$191,214	$100,000	$90,000
Notice by ALE	6 months	3 months	3 months	1 month	1 month	1 month
Notice by Executive	6 months	3 months	3 months	1 month	1 month	1 month

Managing Director

On 30 July 2014 Mr Wilkinson signed a new service agreement that commenced on 1 September 2014. The agreement stipulates the minimum base salary, inclusive of superannuation, as being $425,000, to be reviewed annually each 31 December by the Board. An EIS, if earned, would be paid 50% as a cash bonus in August each year and 50% in stapled securities issued under the ESSS and delivered three years following each of the annual grant dates.

In the event of the termination of Andrew Wilkinson's service agreement and depending on the reason for the termination, amounts may be payable for unpaid accrued entitlements and a proportion of EIS entitlements as at the date of termination. If employment is terminated in circumstances of redundancy or without cause then he is entitled to an amount of fixed remuneration for six months. In addition he may receive a pro-rata EIS award for the period of employment in the year of redundancy.

9.4 Executive Remuneration outcome for year ended 30 June 2015

Details of remuneration paid to Directors and Key Management Personnel is detailed in the table on page 78.

Executive Incentive Scheme Outcomes

ALE continues to perform well when compared to other Australian real estate investment trusts (AREITs).

The Committee reviewed the overall performance of ALE and the individual performance of all executives for the year ending 30 June 2015.

It was the view of the Committee that most of the standard key performance indicators (KPIs) and most of the major items in the Board approved corporate strategy had been met. In particular the Committee noted:

Capital Matters

- ALE enjoyed the positive and material full year impacts of the refinancing and hedge restructure completed just before the commencement of the year, most notably the resulting annual interest expense saving of around $7 million;
- ALE fully redeemed all outstanding ALE Notes 2 debt in September 2014 and thereby eliminated a debt expense at a comparatively high total cost of 7.83% including a 4.00% credit margin;
- ALE's investment grade credit rating of Baa2 (with stable outlook) was fully maintained;
- Management continued to explore a range of debt funding solutions in both the domestic and offshore capital markets with a view to positioning ALE for future debt refinancings and readiness to implement additional debt funding of any acquisitions; and
- Explored a range of other strategic initiatives with particular focus on value enhancement and risk mitigation.

Other matters

- Agreed and completed a rent restructure with ALH that is expected to deliver a lower risk profile for the capped and collared market rent reviews in 2018. The restructure delivers a value benefit for ALE's securityholders;
- Worked constructively with ALH to agree a range of developments that are value enhancing for a number of ALE properties.
- Undertook a comprehensive statutory valuation scoping exercise to ensure that the independent valuer was fully appraised of the key value drivers of each of the properties;
- Completed a comprehensive review of ALE's service providers with a view to ensuring cost savings were maximised and service levels enhanced;
- Explored a range of acquisition opportunities that accorded with ALE's strategic criteria;
- Worked closely with key equity analysts and investors to ensure that there was a clear understanding of both the quality and value prospects for ALE's properties and the simplified, low cost and long term capital structure;
- Worked on a number of strategic iniatitives that were agreed at the beginning of the year and were either partially or fully completed by the end of the year; and
- Continued to deliver both short and long term total returns for securityholders that outperformed most if not all other AREITs in the sector.

The remuneration committee considered these achievements and compared them to key performance indicators for each executive that were set at the beginning of the financial year. Individual executives contributed to the valuable outcomes outlined above and this was recognised in the EIS payments made. All the EIS payments are included in the staff remuneration expenses in the current year.

The EIS awarded to each member of the management team was as follows:

Executive	Target EIS (as % of FAR)	EIS Awarded (as % of FAR)	EIS Awarded as a % of Target	EIS Awarded	Cash Component	ESSS Component
Andrew Wilkinson	60%	48.2%	80.3%	$210,000	$105,000	$105,000
Andrew Slade	50%	40.7%	81.3%	$100,000	$50,000	$50,000
Michael Clarke	n/a	19.9%	-	$40,000	$20,000	$20,000
Don Shipway	n/a	15.7%	-	$30,000	$15,000	$15,000

ALE's Financial Performance History

To provide context to ALE's performance, the following data and graphs outline a five year history of financial metrics.

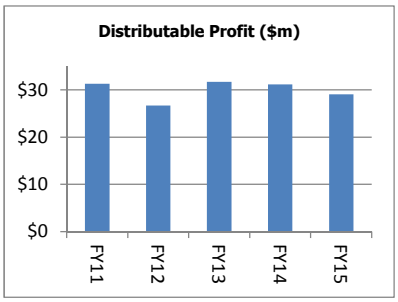
	FY11	FY12	FY13	FY14	FY15
Distributable profit ($m)	31.3	26.7	31.7	31.2	29.1
Distribution per Security	19.75	16.00	16.00	16.45	16.85
Continuing property values ($m)[2]	753.9	767.2	781.5	821.6	900.5
Net gearing [1]	51.7%	51.9%	50.8%	51.7%	47.9%

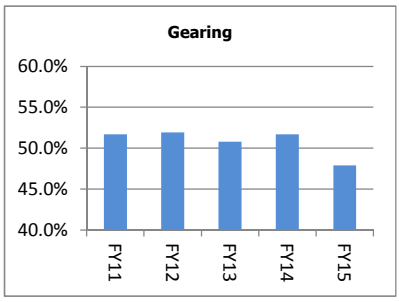
1. Total borrowings less cash as a percentage of total assets less cash and derivatives
2. Includes only the value of properties held as at 30 June 2015

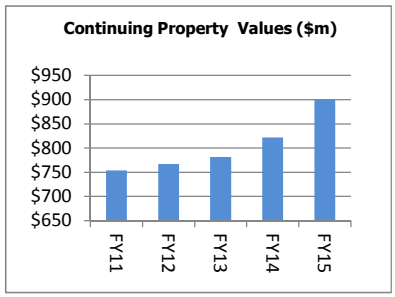
The accumulated value of $1.00 initial public offering (IPO) investment in ALE and reinvested distributions, rights renunciation payments and current market value of securities as at 30 June 2015 totalled $10.58.

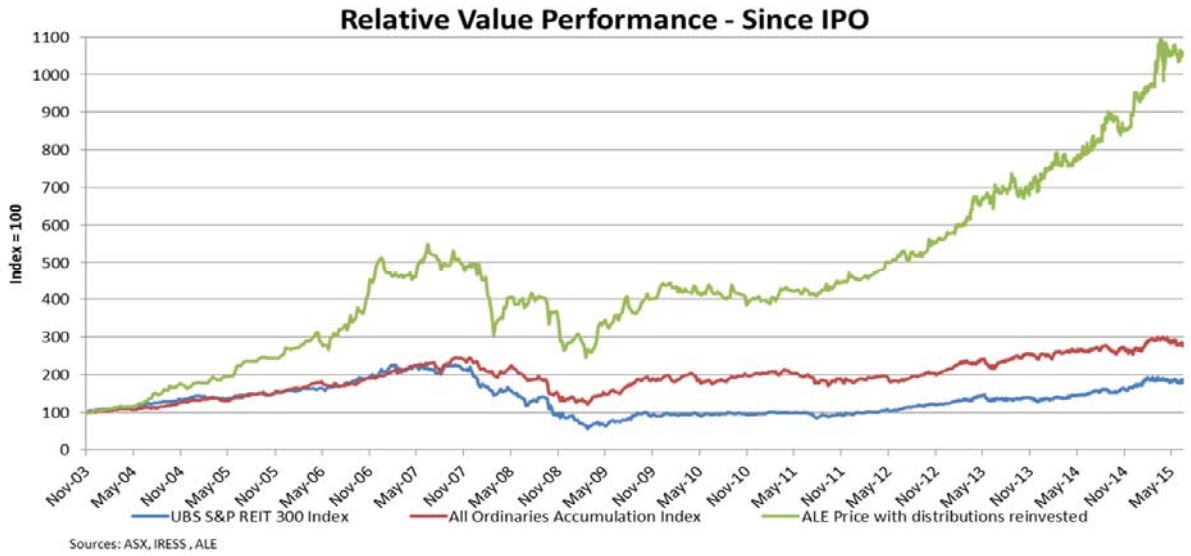
According to UBS for the period ending 30 June 2015 ALE continued to out perform other equity return benchmarks including the AREIT 300 index and the All Ordinaries index for periods including three, five and ten years. For the one year period ALE's return of 33.4% outperformed the AREIT 300 index of 20.2% and All Ordinaries index of 5.7%.

Growth in the value of the continuing properties between ALE's 2003 IPO and 30 June 2014 has averaged 4.75% p.a. This has exceeded growth in CPI at 2.91% p.a









Accumulated Value for: AREITs $1.80, All Ords $2.77, ALE $10.58[1]

1. Distributions include payment for renouncing Sep 2009 rights and all other distributions paid and declared to September 2014

9.5 Disclosures relating to equity instruments granted as compensation

9.5.1 Outstanding equity instruments granted as compensation

Details of rights over stapled securities that have been granted as compensation and remain outstanding at year end and details of rights that were granted during the year are as follows:

Executive	Number of Rights Outstanding	Grant Date	Performance Period Start Date	Fair value of Right at Grant Date ($)	Approximate Delivery Date	% vested in year	% forfeited in year
ESSS Rights							
A F O Wilkinson	43,136	23 Aug 12	1 Jul 11	1.65	31 Jul 15	Nil	Nil
A F O Wilkinson	34,878	30 Sep 13	1 Jul 12	2.27	31 Jul 16	Nil	Nil
A F O Wilkinson	63,732	30 Sep 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
A J Slade	23,611	23 Aug 12	1 Jul 11	1.65	31 Jul 15	Nil	Nil
A J Slade	19,092	30 Sep 13	1 Jul 12	2.27	31 Jul 16	Nil	Nil
A J Slade	31,375	30 Sep 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
M J Clarke	8,825	30 Sep 13	1 Jul 12	2.27	31 Jul 16	Nil	Nil
M J Clarke	7,844	30 Sep 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
D J Shipway	8,825	30 Sep 13	1 Jul 12	2.27	31 Jul 16	Nil	Nil
D J Shipway	3,922	30 Sep 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil

9.5.2 Modification of terms of equity settled share based payment transactions

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

9.5.3 Analysis of movements in performance rights

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

Executive	Granted in year $ (a)	Vested in year $ (b)	Lapsed in year $ (c)	Securities Delivered in the year $	Securities Delivered in the year (Number)
A J Slade	-	-	-	25,100	8,272

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

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

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

9.5.4 Analysis of movements in ESSS rights

The movement during the reporting period, by value and number of ESSS rights over stapled securities in ALE is detailed below.

Executive	Opening Balance	Granted in Year	Stapled Securities Delivered in the Year	Lapsed in the Year	Closing Balance	Securities Delivered in the year - value paid $
By Value ($)						
A F O Wilkinson	150,290	162,500	-	-	312,790	-
A J Slade	132,264	80,000	(50,000)	-	162,264	104,899
M J Clarke	20,000	20,000	-	-	40,000	-
D J Shipway	20,000	10,000	-	-	30,000	-
By Number						
A F O Wilkinson	78,014	63,732	-	-	141,746	
A J Slade	77,274	31,375	(34,571)	-	74,078	
M J Clarke	8,825	7,844	-	-	16,669	
D J Shipway	8,825	3,922	-	-	12,747	

9.6 Equity based compensation

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

The value of ESSS disclosed in section 9.5.4 and 9.8 is based on the value of the grant at the award date. The number of Stapled Securities issued annually under the ESSS award will be determined by dividing the value of the grant by the volume weighted average price for the five trading days commencing the day following the signing of ALE Property Group's full year statutory financial statements, and grossing this number up for estimated distributions over the deferred delivery period. The number of securities granted in the current year will be determined on 13 August 2015.

9.7 Non-executive Directors' Remuneration

9.7.1 Remuneration Policy and Strategy

Non-executive directors' individual fees are determined by the Company Board within the aggregate amount approved by shareholders. The current aggregate amount which has been approved by shareholders at the AGM on 6 November 2014 was $650,000.

The Board reviews its fees to ensure that ALE non-executive directors are remunerated fairly for their services, recognising the level of skill, expertise and experience required to conduct the role. The Board reviews its fees from time to time to ensure it is remunerating directors at a level that enables ALE to attract and retain the right non-executive directors. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive directors' fees and payments were reviewed by Godfrey Remuneration Group Pty Limited in the current financial year. The result of this review was that no changes to fees and payments were made. The Chairman's fees are determined independently from the fees of the other non-executive directors, based on comparative roles in the external market. The Chairman is not present at any discussion relating to the determination of his own remuneration. Non-executive directors do not receive any equity based payments, retirement benefits or other incentive payments.

9.7.2 Remuneration Structure

ALE non-executive directors receive a cash fee for service and they have no entitlement to any performance based remuneration, nor can they participate in any security based incentive scheme.

The current remuneration was last independently reviewed in January 2014. This resulted in no change to the fee levels indicated below. The Directors' fees are inclusive of superannuation, where applicable.

	Board		ACRMC		Remuneration Committee	
	Chairman*	**Member**	**Chairman**	**Member**	**Chairman**	**Member**
Board and Committee Fees	$175,000	$85,000	$15,000	$10,000	$15,000	$5,000

* The Chairman of the Board's fees are inclusive of all committee fees.

James McNally's (Executive Director) remuneration is determined in accordance with the above fees. He receives an additional $5,000 for being a Responsible Manager of the Company under the Company's AFSL and $10,000 for being a director of ALE Finance Company Pty Limited.

9.8 Details of remuneration

Amount of remuneration

Details of the remuneration of the key management personnel for the current year and for the comparative year are set out below in tables 1 and 2. The cash bonuses were dependent on the satisfaction of performance conditions as set out in the section 9.4 headed "Executive Incentive Scheme Outcomes". Equity based payments for 2014 are non-market based performance related as set out in section 9.4. All other elements of remuneration were not directly related to performance.

Table 1 Remuneration details 1 July 2014 to 30 June 2015

Details of the remuneration of the Key Management Personnel for the year ended 30 June 2014 are set out in the following table:

Key management personnel		Short term				Post employment benefits			Equity based payment		S300A(1)(e)(i) proportion of remuneration performance based	S300A(1)(e)(vi) Value of equity based payment as proportion of remuneration
Name	Role	Salary & Fees $	STI Cash Bonus $	Non monetary benefits $	Total $	Superannuation benefits $	Other long term benefits $	Termination benefits $	ESSS $	Total $	$	$
P H Warne	Non-executive Director	159,817	-	-	159,817	15,183	-	-	-	175,000	-	-
J P Henderson	Non-executive Director	33,333	-	-	33,333	-	-	-	-	33,333	-	-
H I Wright	Non-executive Director	95,890	-	-	95,890	9,110	-	-	-	105,000	-	-
P J Downes	Non-executive Director	91,324	-	-	91,324	8,676	-	-	-	100,000	-	-
P G Say	Non-executive Director	75,000		-	75,000	-				75,000		
N J Milne	Non-executive Director	36,530	-	-	36,530	3,470	-	-	-	40,000		
B R Howell	Company Secretary	90,000	-	-	90,000	-	-	-	-	90,000	-	-
A F O Wilkinson	Executive Director	399,993	105,000	-	504,993	30,761	6,213	-	105,000	646,967	32.5%	16.2%
J T McNally	Executive Director	100,000		-	100,000	-	-	-	-	100,000	-	-
A J Slade	Capital Manager	213,267	50,000	-	263,267	29,983	4,370	-	50,000	347,620	28.8%	14.4%
M J Clarke	Finance Manager	182,062	20,000	-	202,062	16,592	2,695	-	20,000	241,349	16.6%	8.3%
D J Shipway	Asset Manager	172,672	15,000	-	187,672	16,404	2,687	-	15,000	221,763	13.5%	6.8%
		1,649,888	190,000	-	1,839,888	130,179	15,965	-	190,000	2,176,032		

Table 2 Remuneration details 1 July 2014 to 30 June 2015

Details of the remuneration of the Key Management Personnel for the year ended 30 June 2013 are set out in the following table:

Key management personnel		Short term				Post employment benefits			Equity based payment		S300A(1)(e)(i) proportion of remuneration performance based	S300A(1)(e)(vi) Value of equity based payment as proportion of remuneration
Name	Role	Salary & Fees $	STI Cash Bonus $	Non monetary benefits $	Total $	Superannuation benefits $	Other long term benefits $	Termination benefits $	ESSS $	Total $	$	$
P H Warne	Non-executive Director	160,183	-	-	160,183	14,817	-	-	-	175,000	-	-
J P Henderson	Non-executive Director	100,000	-	-	100,000	-	-	-	-	100,000	-	-
H I Wright	Non-executive Director	96,110	-	-	96,110	8,890	-	-	-	105,000	-	-
P J Downes	Non-executive Director	54,847	-	-	54,847	5,073	-	-	-	59,920	-	-
B R Howell	Company Secretary	90,000	-	-	90,000	-	-	-	-	90,000	-	-
A F O Wilkinson	Executive Director	393,567	162,500	-	556,067	17,775	21,156	-	162,500	757,498	42.9%	21.5%
J T McNally	Executive Director	100,000	-	-	100,000	-	-	-	-	100,000	-	-
A J Slade	Capital Manager	212,076	80,000	-	292,076	17,625	12,843	-	80,000	402,544	39.7%	19.9%
M J Clarke	Finance Manager	175,222	20,000	-	195,222	17,266	7,281	-	20,000	239,769	16.7%	8.3%
D J Shipway	Asset Manager	163,949	10,000	-	173,949	17,015	6,446	-	10,000	207,410	9.6%	4.8%
		1,545,954	272,500	-	1,818,454	98,461	47,726	-	272,500	2,237,141		

10 Stapled securities under option

No performance rights over unissued stapled securities of ALE were granted during or since the end of the year.

11 Stapled securities issued on the exercise of options

No stapled securities were issued on the exercise of performance rights during the financial year.

12 Insurance of officers

During the financial year, the Company paid a premium of $54,544 (2014: $61,276) to insure the Directors and officers of the Company. The auditors of the Company are in no way indemnified out of the assets of the Company.

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

13 Environmental regulation

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

14 Non-audit services

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

The Board of Directors has considered the position and in accordance with the advice received from the ACRMC is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. During the current and previous financial years, no non-audit services were performed by the auditors.

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

	30 June 2015 $	30 June 2014 $
Audit services		
KPMG Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work required under the *Corporations Act 2001*		
• in relation to current year	160,000	201,000
• in relation to prior year	5,000	-
Total remuneration for audit services	**165,000**	**201,000**

15 Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 83.

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

Peter H Warne
Director
Sydney

Dated this 5th day of August 2015

KPMG

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

To: the directors of Australian Leisure and Entertainment Property Management Limited.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG

John Teer
Partner

Sydney

5 August 2015

Australian Leisure and Entertainment Property Management Limited

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Revenue			
Expense reimbursement	5	4,013,868	3,843,332
Interest income		12,664	93,199
Total revenue		**4,026,532**	**3,936,531**
Annual Report and Annual Review		96,358	113,570
Audit, accounting, tax and professional fees		193,300	213,334
Depreciation expense and asset write-offs		13,257	16,987
Insurance		177,910	176,801
Legal fees		217,988	65,480
Occupancy costs		123,902	120,086
Corporate and other expenses		480,830	611,820
Registry fees		125,705	147,382
Salaries, fees and related costs		2,508,417	2,490,680
Staff training		22,532	20,488
Travel and accommodation		113,670	82,308
Total expenses		**4,073,869**	**4,058,936**
Profit/(loss) before income tax		**(47,337)**	**(122,405)**
Income tax expense / (benefit)	7	(74,675)	16,576
		27,338	**(138,981)**
Profit/(loss) attributable to the shareholders of the Company		**27,338**	**(138,981)**
Other comprehensive income		**-**	**-**
Other comprehensive income for the year after income tax		**-**	**-**
Total comprehensive income for the year		**27,338**	**(138,981)**
Profit/(Loss) attributable to:			
Equity holders of the Company		27,338	(138,981)
Minority interest		-	-
Total profit/(loss) for the period		**27,338**	**(138,981)**
Comprehensive income attributable to:			
Equity holders of the Company		27,338	(138,981)
Minority interest		-	-
Total comprehensive income for the year		**27,338**	**(138,981)**
		Cents	**Cents**
Basic and diluted earnings/(loss) per share		0.01	(0.07)
Dividends paid and payable per share		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying Notes.

Australian Leisure and Entertainment Property Management Limited

STATEMENT OF FINANCIAL POSITION

For The Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Current assets			
Cash and cash equivalents	8	2,519,881	2,391,383
Receivables	9	3,316,234	3,246,458
Prepayments and other assets		218,461	248,824
Total current assets		**6,054,576**	**5,886,665**
Non-current assets			
Plant and equipment		17,582	30,838
Investment in related party	10	9,080,010	9,080,010
Deferred tax asset	11	47,873	41,377
Total non-current assets		**9,145,465**	**9,152,225**
Total assets		**15,200,041**	**15,038,890**
Current liabilities			
Payables	12	590,962	535,974
Provisions	13	145,203	126,378
Total current liabilities		**736,165**	**662,352**
Total liabilities		**736,165**	**662,352**
Net assets		**14,463,876**	**14,376,538**
Equity			
Contributed equity	14	14,759,025	14,759,025
Accumulated losses	15	(1,030,203)	(986,904)
Reserves	16	735,054	604,417
Total equity		**14,463,876**	**14,376,538**
		Cents	**Cents**
Net assets per share		**7.39**	**7.35**

The above statement of financial position should be read in conjunction with the accompanying Notes.

Australian Leisure and Entertainment Property Management Limited

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2015

	Share Capital $	Share based payments reserve $	Retained Earnings $	Total $
2015				
Total equity at the beginning of the year	**14,759,025**	**604,417**	**(986,904)**	**14,376,538**
Total comprehensive income for the period				
Profit/(loss) for the year	-	-	27,338	27,338
Other comprehensive income	-	-		
Total comprehensive income for the year	-	-	27,338	27,338
Transacations with Members of ALE recognised directly in Equity:				
Purchase of securities to satisfy units required for Executive Performance Rights Plan	-	(59,363)	(70,637)	(130,000)
Shares issued - dividend reinvestment plan	-	-	-	-
Employee share based payments expense	-	190,000	-	190,000
Total equity at the end of the year	**14,759,025**	**735,054**	**(1,030,203)**	**14,463,876**
2014				
Total equity at the beginning of the year	**14,606,975**	**382,672**	**(766,975)**	**14,222,672**
Total comprehensive income for the period				
Profit/(loss) for the year	-	-	(138,981)	(138,981)
Other comprehensive income	-	-		
Total comprehensive income for the year	-	-	(138,981)	(138,981)
Transacations with Members of ALE recognised directly in Equity:				
Purchase of securities to satisfy units required for Executive Performance Rights Plan		(50,755)	(80,948)	(131,703)
Shares issued - dividend reinvestment plan	152,050	-	-	152,050
Employee share based payments expense	-	272,500	-	272,500
Total equity at the end of the year	**14,759,025**	**604,417**	**(986,904)**	**14,376,538**

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

Australian Leisure and Entertainment Property Management Limited

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Cash flows from operating activities			
Management fee received and expense reimbursements		5,686,428	6,022,182
Payments to suppliers and employees		(5,656,752)	(6,154,481)
Interest received - bank deposits and investment arrangements		98,822	75,150
Net cash inflow/(outflow) from operating activities	8	**128,498**	**(57,149)**
Cash flows from investing activities			
Payments for plant and equipment		-	(6,146)
Net cash (outflow) from investing activities		**-**	**(6,146)**
Cash flows from financing activities			
Shares issued		-	-
Net cash (outflow) from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents held		**128,498**	**(63,295)**
Cash and cash equivalents at the beginning of the year		2,391,383	2,454,678
Cash and cash equivalents at the end of the year	8	**2,519,881**	**2,391,383**

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

Note 1 Basis of preparation

(a) Statement of compliance
Australian Leisure and Entertainment Property Management Limited (the Company) is domiciled in Australia. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements also comply with the IFRS and interpretations adopted by the International Accounting Standards Board.

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

The Company is a for-profit entity and is primarily involved in property management industry.

The financial statements were authorised for issue by the Board of Directors on 4th August 2015.

(b) Basis of measurement
The financial statements are prepared on the historical cost basis.

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

(c) Functional and presentation currency
These financial statements are presented in Australian dollars, which is the Company's functional currency.

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

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

- Note 21 - measurement of share based payments

Note 2 Summary of significant accounting policies

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

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

Note 2 Summary of significant accounting policies (continued)

(b) Receivables

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

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

(c) Investments and financial assets

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

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

(d) Trade and other payables

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

(e) Provisions

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

(f) Dividends

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

(g) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(h) Contributed equity

Ordinary shares are classified as contributed equity.

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

Note 2 Summary of significant accounting policies (continued)

(i) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Share based payments

Executive Stapled Security Scheme Rights (ESSS)

The grant date fair value of ESSS rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance rights. The amount recognised as an expense is adjusted to reflect the actual number of ESSS rights that vest.

The fair value at grant date is determined as the value of the Executive Incentive Award in the year in which it is awarded. The number of ESS Rights issued annually under the ESSS awarded annually will be determined by dividing the value of the grant by the volume weighted average price for the five trading days commencing the day following the signing of ALE Property Group's full year statutory financial statements.

(iii) Bonus plans

Liabilities and expenses for bonuses are recognised where contractually obliged or where there is a past practice that may create a constructive obligation.

(iv) Long service leave

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

(v) Retirement benefit obligations

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

(j) Revenue

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

(k) Interest income

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

(l) Expenses

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

Note 2 Summary of significant accounting policies (continued)

(m) Income tax

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

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

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

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

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

(n) Goods and Services Tax (GST)

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

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

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

(o) New accounting standards and UIG interpretation

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Group does not plan to adopt these standards early.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces exisiting revenue recognition guidance, including IAS 18 *Revenue*, AIS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The company is assessing the potential impact on its financial statements from the application of IFRS 15.

Note 3 Determination of fair values

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

Receivables

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

Note 4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

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

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

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

Credit risk

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

Trade and other receivables

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

Liquidity risk

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

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

Market risk

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

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

Interest rate risk

The Company adopts a policy of ensuring that all exposure to changes in interest rates on borrowings is hedged. This is achieved by entering into interest rate swaps to fix the interest rates. At present the Company has no borrowings outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

	30 June 2015 $	30 June 2014 $
Note 5 Expense reimbursements		
Reimbursement of expenses for managing the Head Trust and controlled entities	**4,013,868**	3,843,332

Fees are charged to the Trust and its controlled entities by the Company for reimbursement of expenses incurred in the management of the trust and responsible entity services.

Expense reimbursement receipts of $5,686,428 (2014: $6,022,182) disclosed in the statement of cash flows is comprised predominantly of expenses paid for by the Company on behalf of the Trust and other ALE group entities and subsequently reimbursed from the entities. The legal obligations for these expenses are the responsibility of the individual ALE group entities and are not expenses of the Company.

Note 6 Auditors' remuneration		
Audit services		
KPMG Australian firm:		
Audit and review of the financial reports of the ALE Property Group and other audit work under the *Corporations Act 2001*		
- in relation to current year	160,000	180,500
- in relation to prior year	5,000	8,500
Total remuneration for audit services	**165,000**	189,000

Note 7 Income tax expense/(benefit)		
Current tax expense/(benefit)	(68,179)	3,550
Deferred tax expense	(6,496)	13,026
Income tax expense/(benefit)	**(74,675)**	16,576
Decrease/(increase) in deferred tax asset	(6,496)	13,026
	(6,496)	13,026
Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(47,337)	(122,405)
Tax at the Australian tax rate of 30% (2014: 30%)	(14,201)	(36,722)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	18,000	42,239
Non deductible expenses	70	7,368
Under/(over) provision in prior years	(78,544)	3,691
Income tax expense/(benefit)	**(74,675)**	16,576

		30 June 2015 $	30 June 2014 $
Note 8 Cash and cash equivalents			
Cash at bank	(a)	430,461	206,919
Deposits at call	(b)	2,089,420	2,184,464
		2,519,881	2,391,383

(a) As at 30 June 2015 the weighted average interest rate earned on cash was 2.64% (2014: 3.64%).

(b) The deposits represent office occupancy security deposits.

Reconciliation of profit after income tax to net cash inflows from operating activities

Profit/(loss) for the year	27,338	(138,981)
Depreciation	13,257	16,987
Non-cash employee benefits expense - share based payments	190,000	272,500
Share based payment securities purchased	(130,000)	(131,703)
(Increase)/decrease in receivables	(111,403)	20,042
(Increase)/decrease in other assets	30,363	(49,166)
(Increase)/decrease in deferred tax asset	(6,496)	13,026
Increase/(decrease) in loan from related party	41,627	(153,864)
Increase/(decrease) in provisions	18,825	25,313
Increase/(decrease) in payables	54,987	68,697
Net cash inflows from operating activities	**128,498**	(57,149)

Note 9 Receivables		
Accounts receivable	77,366	15,282
Loan to related party	3,165,425	3,207,052
Other receivable	68,179	-
Interest receivable	5,264	24,124
	3,316,234	3,246,458

Note 10 Investment in related party		
Trust Non-Income Voting Units (NIVUS)	**9,080,010**	9,080,010

The Company was issued 9,080,010 of non-income voting units (NIVUS) in the Trust fully paid at $1.00 each in November 2003. The NIVUS are not stapled to shares in the Company, have an issue and withdrawal price of $1.00, carry no rights to income from the Trust and entitle the holder to no more than $1.00 per NIVUS upon the winding-up of the Trust. The Company has a voting power of 4.43% in the Trust as a result of the issue of NIVUS. The NIVUS are disclosed in the Company but are not disclosed in the ALE Property Group financial statements as they are eliminated on consolidation.

	30 June 2015 $	30 June 2014 $
Note 11 Deferred tax asset		
Deferred tax assets	**47,873**	41,377
The balance comprises temporary differences attributable to:		
Amounts recognised in statement of comprehensive income		
Employee benefits	43,903	38,256
Acquisition proposal due diligence	-	918
Accruals	5,550	(660)
Other	(1,580)	(7,235)
Tax losses	-	10,098
Net deferred tax assets	**47,873**	41,377
Movements:		
Opening balance	41,377	54,403
Credited/(charged) to the statement of comprehensive income (Note 7)	6,496	(13,026)
Closing balance at	**47,873**	41,377
Deferred tax assets to be recovered within 12 months	47,873	31,279
Deferred tax assets to be recovered after more than 12 months	-	10,098
	47,873	41,377
Note 12 Payables		
Trade creditors	431,734	232,418
Creditor accruals	159,228	303,556
	590,962	535,974
Note 13 Provisions		
Provision for employee entitlements	145,203	126,378
	145,203	126,378
Note 14 Contributed equity		
(a) Share capital		
Issued share capital	**14,759,025**	14,759,025
(b) Movements in ordinary share capital		
Opening balance	14,759,025	14,606,975
Shares issued - Dividend Reinvestment Plan	-	152,050
Balance at the end of the period	**14,759,025**	14,759,025

	30 June 2015 $	30 June 2014 $
	No. of shares	**No. of shares**
Shares on issue		
Opening balance	195,702,333	194,238,078
Shares issued - Dividend Reinvestment Plan	-	1,464,255
Closing balance	**195,702,333**	195,702,333

(c) Shares

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

	30 June 2015 $	30 June 2014 $
Note 15 Accumulated losses		
Retained losses	**(1,030,203)**	(986,904)
Balance at the beginning of the year	(986,904)	(766,975)
Net profit/(loss) attributable to ordinary shareholders	27,338	(138,981)
Transfer from/(to) share based payments reserve	(70,637)	(80,948)
Balance at the end of the year	**(1,030,203)**	(986,904)
Note 16 Reserves		
Share-based payments reserve	**735,054**	604,417
Balance at the beginning of the year	604,417	382,672
Employee share based payments expense	190,000	272,500
Transfer to/(from) Retained Profits	(59,363)	(50,755)
Balance at the end of the year	**735,054**	604,417

	30 June 2015 $	30 June 2014 $

Note 17 Segment information

Business segment
ALE has one reportable segment, as described below, which is ALE's strategic business unit. The strategic business unit is based upon internal management reports that are reviewed by the Managing Director on at least a quarterly basis. The strategic business unit covers the operations of the responsible entity for the ALE Property Group.

Comparative information has been presented in conformity with the requirements of AASB 8 *Operating Segments.*

The Company received 100% of its expense reimbursement from the Head Trust (2014: 100%).

Geographical segment
The Company operates solely within Australia.

Note 18 Events occurring after reporting date
The Directors are not aware of any matter or circumstance occurring after balance date which may materially affect the Company's operations, the results of those operations or the state of affairs of the Company.

Note 19 Contingent liabilities

Bank guarantee
The Company has entered into a bank guarantee of $89,480 in respect of an office tenancy at Level 10, 6 O'Connell Street, Sydney.

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

Note 20 Commitments

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

(b) Lease commitments
The Company has entered into a non-cancellable operating lease for new office premises at Level 10, 6 O'Connell Street, Sydney starting November 2010. The Company has also entered into a non-cancellable operating lease for office equipment. The minimum net lease commitments under these leases are:

	30 June 2015 $	30 June 2014 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are		
Within one year	45,695	123,173
Later than one year but not later than five years	-	45,695
Later than five years	-	-
	45,695	**168,868**

	30 June 2015 $	30 June 2014 $

Note 21 Share based payments

During 2007, ALE established a Performance Rights Plan that entitles key management personnel, subject to performance, to become entitled to acquire stapled securities at nil cost to the employee. Under the Performance Rights Plan grants of performance rights have been made to Mr Wilkinson and Mr Slade. In accordance with the plan the performance rights vest upon performance hurdles being achieved. The Performance Rights Plan was terminated in 2012 and replaced with an Executive Stapled Securities Scheme. During the year all outstanding performance rights outstanding vested and were issued.

Performance Rights Plan
The terms and conditions of outstanding grants are as follows:

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

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

	Number of performance rights 2015	Weighted average fair value 2015	Number of performance rights 2014	Weighted average fair value 2014
Outstanding at 1 July	8,272	1.05	56,990	1.05
Issued/delivered during year	(8,272)	1.05	(48,718)	1.27
Outstanding at 30 June	-	-	8,272	1.05

During the year 8,272 stapled securities were delivered to Mr Slade upon expiry of the two year delayed delivery period applicable to the vested rights.

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

	30 June 2015 $	30 June 2014 $

Note 21 Share based payments (continued)

For the year ended 30 June 2014 the following ESSS Rights were awarded. The number of Stapled Securities awarded was determined by dividing the value of the 2014 grant by the volume weighted average price for the five trading days commencing the day following the signing of ALE Property Group's 2014 full year statutory financial statements.

	2014 Number	2013 Number
Mr A F O Wilkinson	63,732	34,878
Mr A J Slade	31,375	19,092
Mr M J Clarke	7,844	8,825
Mr D J Shipway	3,922	8,825

For the year ended 30 June 2015 the following ESSS Rights were granted to executives under the ESSS. The number of Stapled Securities awarded will be determined by dividing the value of the grant by the volume weighted average price for the five trading days commencing the day following the signing of ALE Property Group's full year statutory financial statements for the year. The number of securities granted for the current year grants will be determined on 13 August 2015.

	2015 $	2014 $
Mr A F O Wilkinson	105,000	162,500
Mr A J Slade	50,000	80,000
Mr M J Clarke	20,000	20,000
Mr D J Shipway	15,000	10,000

The numbers of ESSS Rights outstanding at the end of the financial year is as follows:

	Number ESSS rights 2015	Weighted average fair value 2015	Number of ESSS rights 2014	Weighted average fair value 2014
Outstanding at 1 July	172,938	1.87	101,318	1.58
Granted during year	106,873	2.55	71,620	2.22
Vested during year	(34,571)	1.45	-	-
Lapsed during year	-	-	-	-
Outstanding at 30 June	245,240	2.22	172,938	1.87

Note 22 Related party transactions

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

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

(b) Key management personnel

Key management personnel and their compensation is set out in Note 23.

(c) Transaction with related parties

For the year ended 30 June 2015 the Company had charged the Trust $4,013,868 in expense reimbursement (2014: $3,843,332).

Peter Warne is a Non-Executive director of Macquarie Group Limited ("Macquarie"). Macquarie has provided banking services and corporate advice to ALE in the past and may continue to do so in the future. Mr Warne does not take part in any decisions to appoint Macquarie in relation to banking services and corporate advice provided by Macquarie to ALE.

(d) Terms and conditions

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

Note 23 Key management personnel

(a) Directors

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

Name	Type	Appointed	Resigned
P H Warne (Chairman)	Independent non-executive	8 September 2003	
J P Henderson	Independent non-executive	19 August 2003	6 November 2014
H I Wright	Independent non-executive	8 September 2003	
P J Downes	Independent non-executive	26 November 2013	
P G Say	Independent non-executive	24 September 2014	
N J Milne	Independent non-executive	6 February 2015	
A F O Wilkinson (Managing Director)	Executive	16 November 2004	
J T McNally	Executive	26 June 2003	

(b) Other key management personnel

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

Name	Title
A J Slade	Capital Manager
B R Howell	Company Secretary and Compliance Officer
M J Clarke	Finance Manager and Assistant Company Secretary
D J Shipway	Asset Manager

(c) Compensation for key management personnel

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

	30 June 2015 $	30 June 2014 $
Short term employee benefits	1,839,888	1,818,454
Post employment benefits	130,179	98,461
Other long term benefits	15,965	47,726
Share based payments	190,000	272,500
Total	**2,176,032**	**2,237,141**
Share based payments expense in the year		
ESSS rights granted in 2015	190,000	-
ESSS rights granted in 2014	-	272,500
Total	**190,000**	**272,500**

	30 June 2015 cents	30 June 2014 cents
Note 24 Earnings per share		
(a) Basic earnings per share		
Attributable to equity holders of the Company		
Basic and diluted earnings per equity holders of the Company	0.01	(0.07)
Attributable to securityholders of the stapled entity		
Basic and diluted earnings per stapled security before financing costs attributable to the Company securityholders divided by the average number of securities	0.01	(0.07)
Basic and diluted earnings per stapled security using realised operating income	0.01	(0.07)
	Number 2015	**Number 2014**
(b) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating earnings per share	195,702,333	195,437,564
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	195,702,333	195,437,564

Note 25 Financial Instruments

(a) Credit risk

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

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

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

Exposure to credit risk

	2015 $	2014 $
Receivables	150,809	39,406
Cash and cash equivalents	2,519,881	2,391,383
	2,670,690	**2,430,789**

Impairment losses

	2015		2014	
	Gross Receivables $	Impairment $	Gross Receivables $	Impairment $
Not past due	125,067	-	39,406	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	7,092	-	-	-
Past due 120-365 days	18,650	-	-	-
More than one year	-	-	-	-
	150,809	**-**	**39,406**	**-**

(b) Liquidity Risk

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

(c) Interest rate risk

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

KPMG

Independent auditor's report to the members of Australian Leisure and Entertainment Property Management Limited

Report on the financial report

We have audited the accompanying financial report of Australian Leisure and Entertainment Property Management Limited (the Company), which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in section 9 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Australian Leisure and Entertainment Property Management Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

John Teer
Partner

Sydney

5 August 2015

ALE PROPERTY GROUP

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