

# QUALITY

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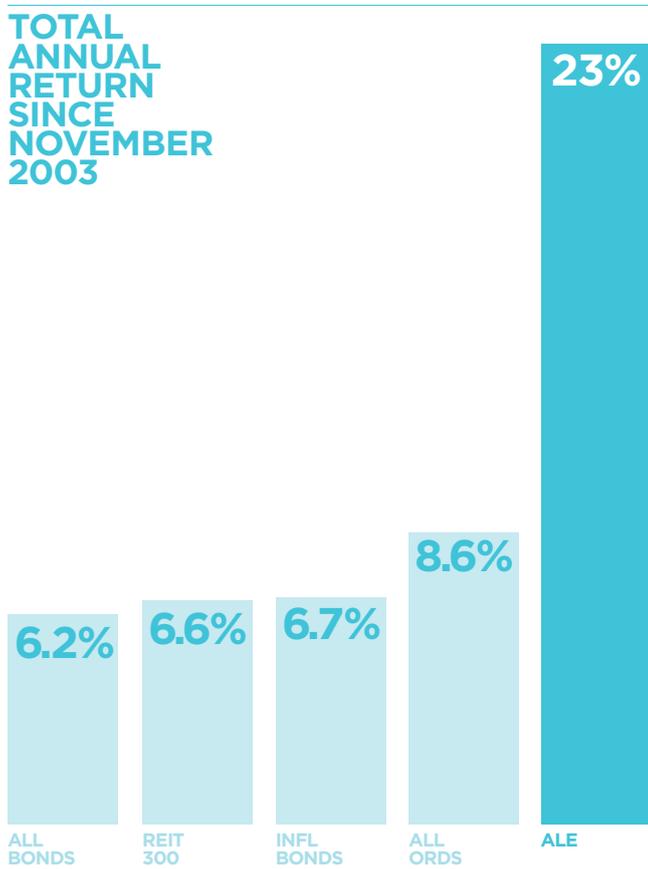


ALE delivered a superior performance during the 2016 financial year. The group's achievements included increasing property valuations and an enhanced capital position. These achievements saw ALE increase distributions, reduce gearing and deliver returns to securityholders that again outperformed the AREIT index by a material margin.



**Peter Warne**  
Chairman

**Andrew Wilkinson**  
Managing Director



Source: ASX, Bloomberg, IRESS, ALE

Note: Amounts are rounded. Please see other results materials for more details.

# Australian Leisure and Entertainment Property Management Limited

ABN 45 105 275 278

## **ANNUAL REPORT**

**2016**

### **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

**[WWW.ALEGROUP.COM.AU](http://WWW.ALEGROUP.COM.AU)**

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## DIRECTORS' REPORT

For the Year ended 30 June 2016

The Directors of Australian Leisure and Entertainment Property Management Limited (the "Company") present their report for the year ended 30 June 2016.

The registered office and principal place of business of the Company is:

Level 10  
6 O'Connell Street  
Sydney NSW 2000

The directors of the Company present their report, together with the financial statements of ALE, for the year ended 30 June 2016.

### 1. DIRECTORS

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

Name	Experience, responsibilities and other directorships
<p>P H Warne, <i>B.A., FAICD</i> <i>Independent Non Executive Director</i> <i>Chairman of the Board</i></p> 	<p>Appointed: 8 September 2003 Member of the Audit, Compliance and Risk Management Committee (ACRMC) Member of the Nominations Committee Member of the Remuneration Committee</p> <p>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.</p> <p>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.</p>
<p>Ms Phillipa Downes, <i>BSc (Bus Ad), MAppFin, GAICD</i> <i>Independent Non Executive Director</i></p> 	<p>Appointed: 26 November 2013 Chair of the ACRMC Member of the Nominations Committee Member of the Remuneration Committee</p> <p>Ms Downes is a Director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies. Pippa is a director of the Sydney Olympic Park Authority and 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 investment, derivative and trading arms of several of the world's leading Investment Banks. She has extensive experience in Capital Markets, derivatives and asset management.</p> <p>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.</p> <p>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 in Finance and Accounting. Pippa also completed a Masters of Applied Finance from Macquarie University in 1998.</p>

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## DIRECTORS' REPORT

For the Year ended 30 June 2016

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Name	Experience, responsibilities and other directorships
<p>H I Wright, <i>LL.B, MAICD</i> <i>Independent Non Executive Director</i></p> 	<p>Appointed: 8 September 2003 Resigned: 27 October 2015 Member of the ACRMC Member of the Nominations Committee Member of the Remuneration Committee</p> <p>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.</p> <p>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.</p>
<p>Ms Nancy Milne, <i>OAM, LLB, FAICD</i> <i>Independent Non Executive Director</i></p> 	<p>Appointed: 6 February 2015 Member of the ACRMC Member of the Nominations Committee Member of the Remuneration Committee</p> <p>Nancy has been a professional non-executive director for over a decade. She is a former lawyer with over 30 years' experience with primary areas of legal expertise in insurance, risk management, and corporate governance. She was a partner with Clayton Utz until 2003 and a consultant until 2012. She is currently Chairman of the Securities Exchange Guarantee Corporation, deputy chairman of the State Insurance Regulatory Authority and a director of Pillar Administration. She was previously a director of Australand Property Group, Crowe Horwarth Australasia, State Plus and Novion Property Group (now Vicinity Centres).</p> <p>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.</p>
<p>Mr Paul Say, <i>FRICS, FAPI</i> <i>Independent Non Executive Director</i></p> 	<p>Appointed: 24 September 2014 Member of the ACRMC Chair of the Nominations Committee Chair of the Remuneration Committee</p> <p>Paul has over 30 years' experience in commercial and residential property management, development and real estate transactions with major multinational institutions. Paul was Chief Investment Officer at Dexu 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 is a director of GPT Metro Office Fund and Frasers Logistic &amp; Industrial Trust (SGX listed).</p> <p>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 and QLD).</p>
<p>Mr James McNally <i>B.Bus (Land Economy), Dip. Law</i> <i>Executive Director</i></p> 	<p>Appointed: 26 June 2003 Responsible Manager of the Company under the Company's AFSL</p> <p>James is an executive and founding director of the company. 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.</p>

## DIRECTORS' REPORT

For the Year ended 30 June 2016

Name	Experience, responsibilities and other directorships
<p>Mr Andrew Wilkinson <i>B.Bus, CFTP, MAICD</i> <i>Managing Director</i></p> 	<p>Appointed: 16 November 2004 Chief Executive Officer and Managing Director of the Company Responsible Manager of the Company under the Company's Australian Financial Services Licence (AFSL)</p> <p>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.</p>

### 2. OTHER APPOINTMENTS

Name	Experience
<p>Mr Michael Clarke <i>B.Com, M.Man, CA, ACIS</i> <i>Company Secretary and Finance Manager</i></p> 	<p>Appointed: 30 June 2016</p> <p>Michael joined ALE in October 2006 and was appointed Company Secretary on 30 June 2016. Michael has a Bachelor of Commerce from the University of New South Wales and a Masters of Management from the Macquarie Graduate School of Management. He is an associate member of both the Governance Institute of Australia and the Institute of Chartered Accountants in Australia and New Zealand.</p> <p>Michael has over 30 years' experience in accounting, taxation and financial management. Michael previously held senior financial positions with subsidiaries of listed public companies and spent 12 years working for Grant Thornton. He has also owned and managed his own accounting practice.</p>
<p>Mr David Lawler <i>B.Bus, CPA</i> <i>Independent member of ACRMC</i></p> 	<p>Appointed: 9 December 2005</p> <p>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 and Investment 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.</p>

### 3. INFORMATION ON DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### Directorships of listed entities within the last three years

The following director held directorships of other listed entities within the last three years and from the date appointed up to the date of this report unless otherwise stated:

Director	Directorships of listed entities	Type	Appointed as Director	Resigned as Director
P H Warne	ASX Limited	Non-executive	July 2006	
P H Warne	Crowe Horwath Australasia Limited	Non-executive	May 2007	Jan 2015
P H Warne	OzForex Group Limited	Chairman	October 2013	
P H Warne	Macquarie Group Limited	Non-executive	July 2007	
P G Say	GPT Metro Office Fund	Non-executive	August 2014	
P G Say	Frasers Logistic & Industrial Trust (SGX listed)	Non-executive	June 2016	

## DIRECTORS' REPORT

For the Year ended 30 June 2016

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

The following directors, key management personnel and their associates held or currently hold the following stapled security interests in ALE:

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
P J Downes	Non-executive Director	213,904	-	213,904
P G Say	Non-executive Director	-	25,000	25,000
N J Milne	Non-executive Director	20,000	-	20,000
A F O Wilkinson	Executive Director	244,723	73,136	317,859
J T McNally	Executive Director	55,164	-	55,164
A J Slade	Capital Manager	50,000	23,611	73,611
M J Clarke	Company Secretary and Finance Manager	15,000	2,500	17,500
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
<b>ESSS Rights</b>					
A F O Wilkinson	Executive Director	141,746	33,365	(43,136)	131,975
A J Slade	Capital Manager	74,078	15,888	(23,611)	66,355
M J Clarke	Finance Manager	16,669	6,355	-	23,024
D J Shipway	Asset Manager	12,747	4,767	-	17,514

### Meetings of directors

The number of meetings of the Company's Board of Directors held and of each Board committee during the year ended 30 June 2016 and the number of meetings attended by each director at the time the director held office during the year were:

Director	Board		ACRMC		Nominations Committee and Remuneration Committee	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
P H Warne	14	13	6	6	5	5
H I Wright	8	8	3	3	2	2
P J Downes	14	13	6	6	5	5
P G Say	14	11	6	6	5	5
N J Milne	14	14	6	5	5	5
A F O Wilkinson	14	14	n/a	n/a	n/a	n/a
J T McNally	14	14	n/a	n/a	n/a	n/a

### Member of Audit, Compliance and Risk Management Committee

D J Lawler	n/a	n/a	6	6	n/a	n/a
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<sup>1</sup> "Held" reflects the number of meetings which the director or member was eligible to attend.

## 4. 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.

## DIRECTORS REPORT

For the Year ended 30 June 2016

### 5. OPERATIONAL AND FINANCIAL REVIEW

ALE Property Group is the owner of Australia's largest portfolio of freehold pub properties. Established in November 2003, ALE owns a portfolio of 86 pub properties across the five mainland states of Australia. All the properties in the portfolio are leased to Australian Leisure and Hospitality Group (ALH) for an average remaining initial lease term of 12.3 years plus options for ALH to extend.

The Company is responsible for the management activities of the ALE Group and also acts as the responsible entity for the Australian Leisure and Entertainment Property Trust (the "Trust").

	30 June 2016 \$	30 June 2015 \$
<b>Revenue</b>		
Expense reimbursement	4,108,938	4,013,868
Interest income	23,795	12,664
<b>Total revenue</b>	<b>4,132,733</b>	<b>4,026,532</b>
<b>Expenses</b>		
Salaries, fees and related costs	2,479,253	2,508,417
Other expenses	1,811,685	1,565,452
<b>Total expenses</b>	<b>4,290,938</b>	<b>4,073,869</b>
<b>Profit/(loss) before income tax</b>	<b>(158,205)</b>	<b>(47,337)</b>
Income tax expense / (benefit)	7,763	(74,675)
<b>Profit/(loss) attributable to the shareholders of the Company</b>	<b>(165,968)</b>	<b>27,338</b>
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	(0.08)	0.01
Dividend per share for the year	-	-
Net assets per share	7.27	7.39

#### 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. 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.

Apart from the above matters, the directors are not aware of any other future development likely to significantly affect the operations and/or results of ALE.

### 7. DIVIDENDS

No provisions for or payments of Company dividends have been made during the year (2015: nil).

### 8. 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.

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## DIRECTORS' REPORT

For the Year ended 30 June 2016

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### 9 REMUNERATION REPORT (Audited)

This report provides details on ALE's remuneration structure, decisions and outcomes for the year ended 30 June 2016 for employees of ALE including the directors, the Managing Director and key management personnel.

#### 9.1 Remuneration Objectives and Approach

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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
- link 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 Committee

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The Remuneration 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 2016, the Committee consisted of the following:

P G Say	Non-executive Director	Chairman of Remuneration Committee
P H Warne	Non-executive Director	
H I Wright	Non-executive Director	(Resigned 27 October 2015)
P J Downes	Non-executive Director	
N J Milne	Non-executive Director	

Page 2 of this report provides 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 5.

The Committee considers advice from a wide range of external advisors in performing its role. During the current financial year the Committee retained Godfrey Remuneration Group to advise on remuneration.

Godfrey Remuneration Group was paid \$16,000 for its services.

## DIRECTORS' REPORT

For the Year ended 30 June 2016

### 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	Company Secretary and Finance Manager	n/a <sup>1</sup>	50%	50%
Don Shipway	Asset Manager	n/a <sup>1</sup>	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.

## DIRECTORS' REPORT

For the Year ended 30 June 2016

**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	Margaret Sullivan
Position	Managing Director	Capital Manager	Finance Manager and Company Secretary	Asset Manager	Executive Director	Compliance Officer
Contract Length	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Fixed Annual Remuneration	\$457,400	\$258,320	\$211,000	\$200,800	\$100,000	\$50,000
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 starting 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.

## DIRECTORS' REPORT

For the Year ended 30 June 2016

### 9.4 Executive Remuneration outcome for year ended 30 June 2016

Details of remuneration paid to Directors and Key Management Personnel is detailed in the table on page 13.

#### 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 2016.

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 executed a hedge that extended the term of the hedging on 100% of ALE's net debt to November 2025;
- 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
- Management reviewed a range of other strategic initiatives with particular focus on value enhancement and risk mitigation.

#### Other matters

- Worked constructively with ALH to agree a range of developments that are value enhancing for ALE for a number of properties;
- Undertook a more comprehensive statutory valuation 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 number 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 initiatives 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		EIS Awarded	Cash Component	ESSS Component
		Awarded (as % of FAR)	EIS Awarded as a % of Target			
Andrew Wilkinson	60%	45.0%	75.1%	\$206,000	\$103,000	\$103,000
Andrew Slade	50%	39.9%	79.7%	\$103,000	\$51,500	\$51,500
Michael Clarke	n/a	19.0%	-	\$40,000	\$20,000	\$20,000
Don Shipway	n/a	7.5%	-	\$15,000	\$7,500	\$7,500

A review of ALE's current year performance and history is provided in the Operational and Financial Review on page 6 of the Directors Report.

## DIRECTORS' REPORT

For the Year ended 30 June 2016

### 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
<b>ESSS Rights</b>							
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	1 Oct 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
A F O Wilkinson	33,365	20 Aug 15	1 Jul 14	3.15	31 Jul 18	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	1 Oct 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
A J Slade	15,888	20 Aug 15	1 Jul 14	3.15	31 Jul 18	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	1 Oct 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
M J Clarke	6,355	20 Aug 15	1 Jul 14	3.15	31 Jul 18	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	1 Oct 14	1 Jul 13	2.55	31 Jul 17	Nil	Nil
D J Shipway	4,767	20 Aug 15	1 Jul 14	3.15	31 Jul 18	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 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 \$
<b>By Value (\$)</b>						
A F O Wilkinson	312,790	105,000	(71,250)	-	346,540	159,603
A J Slade	162,264	50,000	(39,000)	-	173,264	87,361
M J Clarke	40,000	20,000	-	-	60,000	-
D J Shipway	30,000	15,000	-	-	45,000	-
<b>By Number</b>						
A F O Wilkinson	141,746	33,365	(43,136)	-	131,975	
A J Slade	74,078	15,888	(23,611)	-	66,355	
M J Clarke	16,669	6,355	-	-	23,024	
D J Shipway	12,747	4,767	-	-	17,514	

### 9.6 Equity based compensation

The value of ESSS disclosed in section 9.5.3 and 9.9 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 11 August 2016.

## DIRECTORS' REPORT

For the Year ended 30 June 2016

### 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's 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 Response to Vote Against the 2015 Remuneration Report

At the Annual General Meeting of the Company (AGM) held on 27 October 2015 a resolution was put to the vote that the Remuneration Report for the last financial year ending 30 June 2015. More than 25% of the votes cast were against adoption of the Report. The resolution failed to pass because ALE's major securityholder, Caledonia Private Investments, who owned 25.39% and other securityholders that owned 0.61% of securities voted against the resolution.

No negative comments were made at the AGM in respect of the Remuneration Report by representatives of Caledonia who were present. Subsequent to the AGM members of the Remuneration and Nominations Committee of the company held discussions with Caledonia to gain an understanding of concerns that may have lead to the rejection of the Remuneration Report resolution. No concerns were given to the Board in relation to the Remuneration Report. In addition no other securityholder has expressed concerns in relation to the Remuneration Report.

On the following basis the Board has made no material adjustments to remuneration arrangements:

1. At no time in the last three years has the Committee received any negative comments concerning ALE's Remuneration Report;
2. At no time in the last three years have the levels of Executive and Board Remuneration been varied materially;
3. ALE's Remuneration Reports in 2012, 2013 and 2014 were all adopted with votes for the Report above 97%;
4. The Remuneration and Nominations Committee consistently engages external consultants to advise on remuneration matters and awarded remuneration is within the peer groups used for comparison; and
5. The Board has been advised of no other concerns with respect to ALE's Remuneration Report.

The Board will continue make itself available to securityholders concerning remuneration matters and will consider any concerns raised.

9.9 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 2016 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 2015 to 30 June 2016

Details of the remuneration of the Key Management Personnel for the year ended 30 June 2016 are set out in the following table:

Key management personnel	Name	Role	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
			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	-	-
	H I Wright <sup>1</sup>	Non-executive Director	31,963	-	-	31,963	3,037	-	-	-	35,000	-	-
	P J Downes	Non-executive Director	96,184	-	-	96,184	9,137	-	-	-	105,321	-	-
	P G Say	Non-executive Director	108,750	-	-	108,750	-	-	-	-	108,750	-	-
	N J Milne	Non-executive Director	91,324	-	-	91,324	8,676	-	-	-	100,000	-	-
	B R Howell <sup>2</sup>	Company Secretary	90,000	-	-	90,000	-	-	-	-	90,000	-	-
	A F O Wilkinson	Executive Director	411,512	103,000	-	514,512	35,000	7,310	-	103,000	659,822	31.2%	15.6%
	J T McNally	Executive Director	100,000	-	-	100,000	-	-	-	-	100,000	-	-
	A J Slade	Capital Manager	222,160	51,500	-	273,660	30,000	3,980	-	51,500	359,140	28.7%	14.3%
	M J Clarke <sup>2</sup>	Company Secretary and Finance Manager	188,465	20,000	-	208,465	17,485	3,088	-	20,000	249,038	16.1%	8.0%
	D J Shipway	Asset Manager	178,967	7,500	-	186,467	17,040	3,060	-	7,500	214,067	7.0%	3.5%
			1,679,142	182,000	-	1,861,142	135,558	17,438	-	182,000	2,196,138		

1. Helen Wright resigned as a director on 27 October 2015

2. Brendan Howell resigned as Company Secretary on 30 June 2016 and Michael Clarke was appointed Company Secretary on 30 June 2016

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 2015 are set out in the following table:

Key management personnel	Name	Role	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
			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 <sup>3</sup>	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		

3. John Henderson resigned as a director on 6 November 2014

## DIRECTORS REPORT

For the Year ended 30 June 2016

### 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 \$51,535 (2015: \$54,544) 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 these persons in the discharge of their duties. The constitution provides that the Company will meet the legal costs of these persons. This indemnity is subject to certain limitations.

### 13 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 financial years 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 2016 \$	30 June 2015 \$
<b>Audit services</b>		
KPMG Australian firm:		
Audit and review of the financial reports of the Group and other audit work required under the <i>Corporations Act 2001</i>		
- in relation to current year	171,500	160,000
- in relation to prior year	12,500	5,000
<b>Total remuneration for audit services</b>	<b>184,000</b>	<b>165,000</b>
<b>Other services</b>		
KPMG Australian firm:		
Financial reporting and risk assurance services	18,259	-
<b>Total other services</b>	<b>18,259</b>	<b>-</b>
<b>Total remuneration</b>	<b>202,259</b>	<b>165,000</b>

### 14 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 four 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.

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## DIRECTORS REPORT

For the Year ended 30 June 2016

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### 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 16.

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



Peter H Warne  
Chairman



Andrew Wilkinson  
Managing Director

Dated this 4<sup>th</sup> day of August 2016

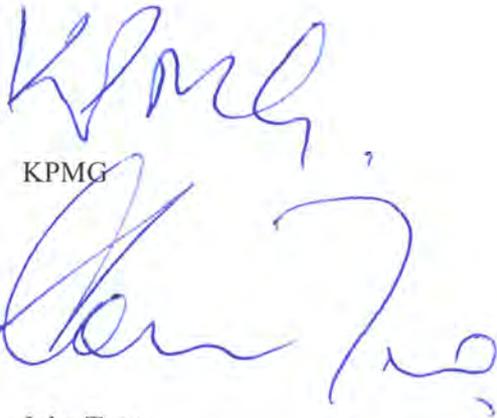


***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

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 2016 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.



John Teer  
*Partner*

Sydney

4 August 2016

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## FINANCIAL STATEMENTS

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Page 19	Statement of Financial Position
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			2.2	Other expenses
			2.3	Taxation
			2.4	Earnings per share
			2.5	Remuneration of auditors

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			3.2	Receivables
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## STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Expense reimbursement	2.1	4,108,938	4,013,868
Interest income	2.1	23,795	12,664
<b>Total revenue</b>		<b>4,132,733</b>	<b>4,026,532</b>
<b>Expenses</b>			
Salaries and related costs	2.2	2,479,253	2,508,417
Other expenses	2.2	1,811,685	1,565,452
<b>Total expenses</b>		<b>4,290,938</b>	<b>4,073,869</b>
<b>Profit/(Loss) before income tax</b>		<b>(158,205)</b>	<b>(47,337)</b>
Income tax expense/(benefit)	2.3	7,763	(74,675)
<b>Profit/(Loss) after income tax</b>		<b>(165,968)</b>	<b>27,338</b>
<b>Profit/(Loss) attributable to stapled securityholders of ALE</b>		<b>(165,968)</b>	<b>27,338</b>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per stapled security		(0.08)	0.01

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

## STATEMENT OF FINANCIAL POSITION

For the Year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	3.1	2,278,988	2,519,881
Receivables	3.2	2,957,796	3,316,234
Other		214,629	218,461
<b>Total current assets</b>		<b>5,451,413</b>	6,054,576
<b>Non-current assets</b>			
Plant and equipment		35,994	17,582
Investment in related party	3.3	9,080,010	9,080,010
Deferred tax asset	2.3(b)	48,901	47,873
<b>Total non-current assets</b>		<b>9,164,905</b>	9,145,465
<b>Total assets</b>		<b>14,616,318</b>	15,200,041
<b>Current liabilities</b>			
Payables	3.4	206,121	590,962
Employee benefits	4.1	169,203	145,203
<b>Total current liabilities</b>		<b>375,324</b>	736,165
<b>Total liabilities</b>		<b>375,324</b>	736,165
<b>Net assets</b>		<b>14,240,994</b>	14,463,876
<b>Equity</b>			
Contributed equity	3.5	14,767,075	14,759,025
Reserve		806,804	735,054
Accumulated losses		(1,332,885)	(1,030,203)
<b>Total equity</b>		<b>14,240,994</b>	14,463,876
<b>Net assets per stapled security</b>		<b>\$ \$0.07</b>	<b>\$ \$0.07</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

	Note	Share Capital \$	Share based payments reserve \$	Retained Earnings \$	Total \$
<b>2016</b>					
<b>Total equity at the beginning of the year</b>		<b>14,759,025</b>	<b>735,054</b>	<b>(1,030,203)</b>	<b>14,463,876</b>
Total comprehensive income for the period					
Profit/(Loss) for the year		-	-	(165,968)	(165,968)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(165,968)	(165,968)
<i>Transactions with Members of ALE recognised directly in Equity:</i>					
Shares issued - Executive Stapled Security Scheme		8,050	(110,250)	(136,714)	(238,914)
Employee share based payments expense			182,000		182,000
<b>Total equity at the end of the year</b>		<b>14,767,075</b>	<b>806,804</b>	<b>(1,332,885)</b>	<b>14,240,994</b>
<b>2015</b>					
<b>Total equity at the beginning of the year</b>		<b>14,759,025</b>	<b>604,417</b>	<b>(986,904)</b>	<b>14,376,538</b>
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
<i>Transactions with Members of ALE recognised directly in Equity:</i>					
Purchase of securities to satisfy units required for Executive Performance Rights Plan		-	(59,363)	(70,637)	(130,000)
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

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

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>		
Management fee received and expense reimbursements	5,986,596	5,686,428
Payments to suppliers and employees	(6,273,551)	(5,656,752)
Interest received - bank deposits and investment arrangements	80,506	98,822
<b>Net cash inflow from operating activities</b>	<b>(206,449)</b>	<b>128,498</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(34,444)	-
<b>Net cash inflow from investing activities</b>	<b>(34,444)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Shares issued	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(240,893)</b>	<b>128,498</b>
Cash and cash equivalents at the beginning of the year	2,519,881	2,391,383
<b>Cash and cash equivalents at the end of the year</b>	<b>2,278,988</b>	<b>2,519,881</b>

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

	2016 \$	2015 \$
Profit for the year	(165,968)	27,338
<i>Plus/(less):</i>		
Depreciation	16,032	13,257
Non-cash employee benefits expense - share based payments	182,000	190,000
Share based payment securities purchased	-	(130,000)
(Increase)/decrease in receivables	38,221	(111,403)
(Increase)/decrease in other assets	3,832	30,363
(Increase)/decrease in deferred tax asset	(1,028)	(6,496)
(Increase)/decrease in loan from related party	81,303	41,627
Increase/(decrease) in provisions	24,000	18,825
Increase/(decrease) in payables	(384,841)	54,987
<b>Net cash inflow from operating activities</b>	<b>(206,449)</b>	<b>128,498</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 30 June 2016

### 1.

#### About this report

##### Reporting Entity

Australian Leisure and Entertainment Property Management Limited (the Company) is domiciled in Australia.

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 ALE Property Group is a for-profit entity.

The Company is the Responsible Entity of the Trust.

##### Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements also comply with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the Board of Directors on 3rd August 2016.

##### Basis of preparation

The Financial Report has been prepared on a historical costs basis, except for the revaluation of investment properties and certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are represented in Australian dollars, unless otherwise noted.

##### Accounting 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.

<u>Accounting estimates and judgements</u>	<u>Note</u>
Income taxes	2.3
Employee benefits	4

##### Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are contained in the notes to the financial statements to which they relate to.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 30 June 2016

### 2.

#### Business performance

This section provides the information that is most relevant to understanding the financial performance of the Company during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

#### 2.1 Revenue and income

#### 2.2 Other expenses

#### 2.3 Taxation

#### 2.4 Earnings per share

#### 2.5 Remuneration of auditors

2.1 Revenue and income	2016	2015	2.2 Other expenses	2016	2015
	\$	\$		\$	\$
<b>Revenue</b>			Annual Report and Review	104,500	96,358
Expense reimbursement	4,108,938	4,013,868	Audit, accounting, tax and professional fees	205,750	193,300
Interest from cash deposits	23,795	12,664	Depreciation expense	16,032	13,257
<b>Total revenue</b>	<b>4,132,733</b>	<b>4,026,532</b>	Insurance	167,277	177,910
			Legal fees	122,216	217,988
			Occupancy costs	115,091	123,902
			Corporate and property expenses	846,650	480,830
			Registry fees	100,207	125,705
			Salaries and related costs	2,479,253	2,508,417
			Staff training	31,554	22,532
			Travel and accommodation	102,408	113,670
			<b>Total other expenses</b>	<b>4,290,938</b>	<b>4,073,869</b>

#### Recognition and measurement

##### Revenue

Expense reimbursement 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.

Expense reimbursement receipts of \$5,986,596 (2015: \$5,686,428) 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.

##### Interest income

Interest and investment income is brought to account on a time proportion basis using the effective interest rate method and if not received at balance date is reflected in the Statement of Financial Position as a receivable.

As at 30 June 2016 the weighted average interest rate earned on cash was 2.84% (2015: 2.64%)

#### Recognition and measurement

Expenses including operating expenses, are brought to account on an accruals basis.

## Notes to the financial statements (continued)

For the Year ended 30 June 2016

### 2. Business performance

#### 2.3 Taxation

##### (a) Reconciliation of income tax expense

The prima facie income tax expense on profit before income tax reconciles to the income tax expense in the financial statements as follows:

	2016 \$	2015 \$
Loss before income tax expense subject to tax	(158,205)	(47,337)
Tax at the Australian tax rate	(47,462)	(14,201)
Share based payments	54,600	18,000
Other	1,306	70
Under/(over) provision in prior years	(681)	(78,544)
<b>Income tax expense/(benefit)</b>	<b>7,763</b>	<b>(74,675)</b>
Current tax expense/(benefit)	8,791	(68,179)
Deferred tax expense/(benefit)	(1,028)	(6,496)
<b>Income tax expense/(benefit)</b>	<b>7,763</b>	<b>(74,675)</b>

##### (b) Deferred tax assets

	2016 \$	2015 \$
Deferred tax assets	<b>48,901</b>	47,873
<b>The balance is attributable to:</b>		
Employee benefits	51,008	43,903
Accruals	-	-
Other	(2,107)	5,550
Tax losses	-	(1,580)
<b>Net deferred tax assets</b>	<b>48,901</b>	<b>47,873</b>
<b>Movements:</b>		
Opening balance	47,873	41,377
Credited/(charged) to the income statement	1,028	6,496
Credited/(charged) to equity	-	-
<b>Closing balance</b>	<b>48,901</b>	<b>47,873</b>
Deferred tax assets to be recovered within 12 months	48,901	47,873
Deferred tax assets to be recovered after more than 12 months	-	-
	48,901	47,873

#### Recognition and measurement

##### Current tax

The income tax expense or benefit 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

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.

##### Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

## Notes to the financial statements (continued)

For the Year ended 30 June 2016

### 2. Business performance

#### 2.4 Earnings per security

##### Basic earnings per stapled security

The calculation of basic earnings per stapled security is based on the profit attributable to ordinary securityholders and the weighted-average number of ordinary stapled securities outstanding.

	2016	2015
Profit/(Loss) attributable to members of the company	(165,968)	27,338
Weighted average number of share	195,759,597	195,702,333
Basic earnings per share (cents)	(0.08)	0.01

##### Diluted earnings per stapled security

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares

	2016	2015
Profit/(Loss) attributable to members of the Company	(165,968)	27,338
Weighted average number of shares	195,999,370	195,947,573
Diluted earnings per share (cents)	(0.08)	0.01

#### 2.5 Remuneration of auditors

	2016 \$	2015 \$
<b>Audit services</b>		
<i>KPMG Australian firm:</i>		
Audit and review of the financial reports		
- in relation to current year	171,500	160,000
- in relation to prior year	12,500	5,000
<b>Total remuneration for audit services</b>	184,000	165,000
<i>KPMG Australian firm:</i>		
Other services	18,259	-
<b>Total remuneration for all services</b>	202,259	165,000

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 30 June 2016

### 3.

#### Assets, liabilities and equity

This section provides information relating to the operating assets and liabilities of the Group.

#### 3.1 Cash and cash equivalents

#### 3.2 Receivables

#### 3.3 Investment in related party

#### 3.4 Payables

#### 3.5 Equity

#### 3.1 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	205,715	430,461
Deposits at call	2,073,273	2,089,420
	<u>2,278,988</u>	<u>2,519,881</u>

#### Recognition and measurement

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.

#### Cash obligations

An amount of \$2 million is required to be held in a term deposit by the Company to meet minimum net tangible asset requirements of the AFSL licence.

#### 3.2 Receivables

	2016	2015
	\$	\$
Accounts receivable	59,814	77,366
Loan to related party	2,845,208	3,165,425
Other receivable	46,695	68,179
Interest receivable	6,079	5,264
	<u>2,957,796</u>	<u>3,316,234</u>

#### Recognition and measurement

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.

#### 3.3 Investment in related party

	2016	2015
	\$	\$
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.

#### 3.4 Payables

	2016	2015
	\$	\$
Trade creditors	83,474	431,734
Creditor accruals	122,647	159,228
	<u>206,121</u>	<u>590,962</u>

#### Recognition and measurement

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.

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## Notes to the financial statements (continued)

For the Year ended 30 June 2016

### 3. Assets, liabilities and equity

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#### 3.5 Equity

	2016 \$	2015 \$
Balance at the beginning of the period	14,759,025	14,759,025
Securities issued - ESSS	8,050	-
	<b>14,767,075</b>	14,759,025
<b>Movements in the number of fully paid stapled securities during the year</b>	<b>Number of Stapled Securities</b>	<b>Number of Stapled Securities</b>
Stapled securities on issue:		
Opening balance	195,702,333	195,702,333
Securities issued - ESSS	66,747	-
<b>Closing balance</b>	<b>195,769,080</b>	<b>195,702,333</b>

#### Measurement and recognition

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 30 June 2016

### 4. Employee benefits

This section provides a breakdown of the various programs ALE uses to reward and recognise employees and key executives, including Key Management Personnel (KMP). ALE believes that these programs reinforce the value of ownership and incentives and drive performance both individually and collectively to deliver better returns to securityholders.

#### 4.1 Employee benefits

#### 4.2 Key management personnel compensation

#### 4.3 Employee share plans

#### 4.1 Employee benefits

	2016 \$	2015 \$
Employee benefits provision:		
Current	169,203	145,203

#### Recognition and measurement

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as workers compensation insurance, superannuation and payroll tax.

#### 4.2 Key management personnel compensation

	2016 \$	2015 \$
Short term employee benefits	1,861,142	1,839,888
Post employment benefits	135,558	130,179
Other long term benefits	17,438	15,965
Share based payments	182,000	190,000
Termination benefits	-	-
	<b>2,196,138</b>	<b>2,176,032</b>

#### Recognition and measurement

##### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave due 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 accumulated sick leave are recognised as an expense when the leave is taken and measured at the rates paid or payable.

##### *Bonus and incentive plans*

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

##### *Long service leave*

ALE recognises liabilities for long service leave when employees reach a qualifying period of continuous service (five years). 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.

##### *Retirement benefit obligations*

ALE pays fixed contributions to employee nominated superannuation funds and ALE'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.

#### 4.3 Employee share plans

During 2012, ALE established an Executive Stapled Securities Scheme.

##### *Executive Stapled Security Scheme (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 ESSS 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 ESSS Rights in the year in which they are awarded. The number of ESSS Rights issued 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 Property Group'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. Upon the exercise of ESSS rights, the balance of the share based payments reserve relating to those rights is transferred to Contributed Equity.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 30 June 2016

### 5. Other

This section provides details on other required disclosures relating to the Company to comply with the accounting standards and other pronouncements including the Company's capital and financial risk management disclosure.

#### 5.1 New accounting standards

#### 5.2 Segment reporting

#### 5.3 Events occurring after balance date

#### 5.4 Contingent liabilities and contingent assets

#### 5.5 Commitments

#### 5.6 Related party transactions

#### 5.7 Financial risk management

#### 5.1 New accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

##### *IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statement resulting from the application of IFRS 9.

##### *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 existing 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 resulting from the application of IFRS 15.

##### *IFRS 17 Leasing*

IFRS 17 establishes a comprehensive framework the accounting policies and disclosures applicable to leases, both for lessees and lessors. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 17.

#### 5.2 Segment reporting

##### *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*.

#### 5.3 Events occurring after balance date

There has not arisen in the interval between the end of the financial year and the date of this report, any transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

#### 5.4 Contingent liabilities and contingent assets

##### *Bank guarantee*

ALE has entered into a bank guarantee of \$73,273 in respect of the office tenancy at Level 10, 6 O'Connell Street, Sydney.

## Notes to the financial statements (continued)

For the Year ended 30 June 2016

### 5. Other

#### 5.5 Commitments

##### Capital commitments

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

##### 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 2015. The Company has also entered into a non-cancellable operating lease for office equipment. The minimum net lease commitments under these leases are:

	2016 \$	2015 \$
Less than one year	106,137	45,695
Later than one year but not later than five years	393,877	-
Later than five years	-	-
	<b>500,014</b>	<b>45,695</b>

#### 5.6 Related party transactions

##### Parent entity, subsidiaries, joint ventures and

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

##### Key management personnel

Key management personnel and their compensation is set out in the Remuneration Report.

##### Transaction with related parties

For the year ended 30 June 2016 the Company had charged the Trust \$4,108,938 in expense reimbursement (2015: \$4,013,868).

Peter Warne is Chairman 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.

##### 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.

#### 5.7 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.

## Notes to the financial statements (continued)

For the Year ended 30 June 2016

### 5. Other

#### 5.7 Financial risk management (continued)

##### 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.

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

##### Exposure to credit risk

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.

	2016 \$	2015 \$
Receivables	112,588	150,809
Cash and cash equivalents	2,278,988	2,519,881
	2,391,576	2,670,690

##### Impairment losses

	2016 \$	2016 \$
	Gross	Impairment
Not past due	97,785	-
Past due 0-30 days	-	-
Past due 31-120 days	5,196	-
Past due 120-365 days	9,607	-
More than one year	-	-
	112,588	-

	2015 \$	2015 \$
	Gross	Impairment
Not past due	125,067	-
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	-

##### 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.

##### Exposure to liquidity risk

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

##### 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.

##### Interest rate risk

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

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## DIRECTORS' DECLARATION

For the Year ended 30 June 2016

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In the Directors' opinion:

- (a) the financial statements and notes that are set out on pages 18 to 31 and the remuneration report contained in Section 9 of the Directors' report, are 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 2016 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that ALE will be able to pay its debts as and when they become due and payable.
- (c) The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director, Finance Manager, and Company Secretary as required for the financial year ended 30 June 2016.
- (d) The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



Peter H Warne  
Chairman



Andrew Wilkinson  
Managing Director

Dated this 4<sup>th</sup> Day of August 2016



## **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 2016, 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 5 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 2016 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**

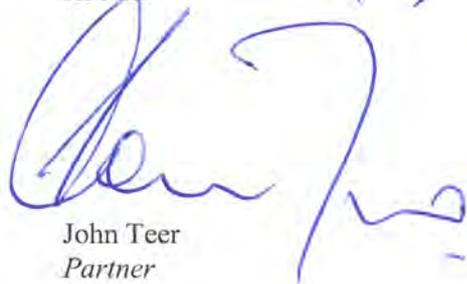
We have audited the Remuneration Report included in section 9 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility 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 2016, complies with Section 300A of the *Corporations Act 2001*.



KPMG



John Teer  
*Partner*

Sydney

4 August 2016



#### **REGISTERED OFFICE**

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Telephone (02) 8231 8588

#### **COMPANY SECRETARY**

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Sydney NSW 2000  
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#### **REGISTRY**

Computershare Investor  
Services Pty Ltd  
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Level 3, 60 Carrington Street  
Sydney NSW 2000  
Telephone 1300 302 429  
Facsimile (02) 8235 8150  
[www.computershare.com.au](http://www.computershare.com.au)

#### **AUDITORS**

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Sydney NSW 2000



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