

5 August 2009

Level 7,
1 O'Connell St
Sydney NSW 2000

Dear Stapled Securityholder,

Telephone: + 61 02 8231 8588
Facsimile: + 61 02 8231 8500
Web: www.alegroup.com.au

ALE Property Group – Capital Management Initiatives

In conjunction with the announcement of our FY2009 results, ALE Property Group (**ALE**) is today announcing a number of important, proactive Capital Management Initiatives to reduce gearing from approximately 68% to approximately 50% and further strengthen ALE's balance sheet.

ALE intends to raise approximately \$105 million through:

- a 1 for 2 renounceable accelerated pro-rata Entitlement Offer to raise approximately \$76 million at an Offer Price of \$1.50 per New Stapled Security (**Entitlement Offer**); and
- an institutional placement to raise approximately \$29 million at an issue price of \$2.25 per New Stapled Security (**Institutional Placement**).

The issue price under the Institutional Placement represents a discount of 12.7% to the 5-day volume weighted average price of ALE Stapled Securities.

The Offer Price under the Entitlement Offer represents a discount of 41.8% to the 5-day volume weighted average price of ALE Stapled Securities, a discount of 32.2% to the theoretical ex-rights price¹ and a discount of 33.1% to pro forma net asset value per ALE Stapled Security as at 30 June 2009.

In addition to the capital raising, ALE will target \$120 million of assets sales over FY2010 at prices that deliver a profitable outcome for Securityholders. This follows on from the successful sale of five properties during June 2009 at a 10.5% premium to book values.

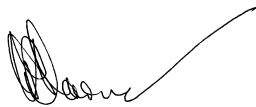
These Capital Management Initiatives will reduce gearing in the current operating environment by 18.6% to approximately 50%². A lower gearing level will position ALE strongly to refinance a number of its debt facilities well ahead of scheduled maturities in CY2011.

Further details on the Capital Management Initiatives are available in the Investor Presentation which has been released to the ASX this morning and is also available on our website www.alegroup.com.au. Eligible Retail Stapled Securityholders will also receive a Retail Offer Booklet.

Retail Stapled Securityholders who have any queries regarding the Entitlement Offer are encouraged to contact the ALE Property Group Entitlement Offer Information Line on 1300 016 250 (within Australia) or +61 3 9415 4622 (outside Australia) at any time from 8.30 am to 5.00 pm (Sydney time).

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of ALE.

Yours faithfully,



Peter Warne
Chairman
ALE Property Group

¹ Based on the pre offer trading price and the Entitlement Offer Price

² Net debt / total assets less cash derivative assets. Assumes \$120 million of target asset sales at book value