

HLG Receives Independent Valuations

Following HLG's lodgement of its Appendix 4E on 27 August 2008, HLG has now received final independent valuations for a representative selection of its property portfolio for inclusion in the final accounts for the year ended 30 June 2008 (audited financials will be released to market on Monday the 29th September 2008). The independent valuations are dated mid August and late September 2008 respectively and reflect current market conditions. The results of these valuations indicate that a further reduction in value of the pub assets of \$16 million is required (i.e. additional to the directors' assessment of \$64m contained in that Appendix 4E), bringing the total write down in pub asset valuations to \$80m. These write downs reflect the reduction in values derived by the independent valuations and directors' valuation of all other pub assets being applied to the whole property portfolio, and represents an overall 7.6% reduction in the carrying value of the HLG pub assets from the previous accounts of HLG as at 31 December 2007.

The further write down will increase the after tax loss reported in the Appendix 4E statement by the amount of the write down (i.e. by \$16m) which will increase the result from a loss (after tax) of \$75m to a loss (after tax) of \$91m in the audited annual accounts.

As a result, the carrying value of the property portfolio will be \$1,065 million as at 30 June 2008. The market value of HLG's holding in ALE at 30 June, 2008 was \$10 million, bringing its total investment portfolio value to \$1,075 million. HLG's net indebtedness to its Senior Banking Syndicate (SBS) is \$689 million, and to its Junior Banking Syndicate (JBS) is \$60 million.

The effect of this revision in carrying value is a Loan to Value Ratio (LVR) for the SBS of 64.09% and for the JBS of 69.67% (on the same basis as set out on page 6 of the Appendix 4E).

An LVR of greater than 70% for the SBS or 75% for the JBS constitutes an event of default. Should LVRs exceed 65% for the SBS, then HLG would require the consent of the banking syndicate for further drawdowns. However, HLG is seeking to reduce LVR and it is currently unlikely that it would be seeking to draw additional levels of debt.

In line with HLG's previously stated aims of actively reducing debt levels and LVR, HLG is continuing to review strategic options to achieve these aims. As such, steps have been taken to divest certain assets, four of which have settled post the 30 June, 2008 balance date.

Colin Henson
Chairman
Hedley Leisure and Gaming Property Partners Limited
07 40419524

Website www.hlg.com.au