

The Manager Companies
Australian Securities Exchange Limited
Company Announcements Office
Level 4, 20 Bridge St
SYDNEY NSW 2000

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Hedley Leisure and Gaming Property Fund (ASX Code HLG)

HLG Sells ALE Securities to Woolworths, reduces gearing and reduces debt limits

Hedley Leisure and Gaming Property Fund (the Fund), comprising Hedley Leisure and Gaming Property Partners Ltd and the Hedley Leisure and Gaming Property Trust, has sold 17.077 million stapled securities, being 19.9% of ALE Property Group ("ALE", being ASX code LEP) to Woolworths Limited for a total consideration of approximately \$3.50 per stapled security. HLG has received \$3.34 per stapled security or approximately \$56 million net of costs up front and will receive the benefit of the distribution declared by ALE on these securities with respect to the 6 month period ended 30 June 2008, which is estimated at \$0.16 per stapled security.

In commenting on the sale, Colin Henson, Chairman of HLG said, "In conjunction with our advisers, the Board of HLG has been undertaking a review following approaches it had for all or part of the Fund's assets. This included an approach for HLG's holding in ALE. As a result, HLG has sold the majority of its securities in ALE at an attractive price.

As a consequence of this transaction HLG's debt is reduced, its gearing improves and the fund is able to focus on its core pub freeholds (Woolworths acquisition of the ALE securities confirms the attractive nature of the pub freehold asset class).

HLG now has Net Debt of \$750 million and remains in compliance with its financial covenants. Further, HLG has offered its bank syndicate a reduction in debt limits by \$100 million to \$810 million, thereby reducing the unnecessary undrawn credit line costs of the Fund."

The total consideration of approximately \$3.50 per ALE stapled security represents a premium of \$0.34 per stapled security over today's closing price of \$3.16 and a premium of 23% to the 30 day VWAP of \$2.84, and comprises:

- Consideration of \$3.34 per stapled security upfront; and
- The benefit of the distribution with respect to the distribution declared by ALE on these securities with respect to the 6 month period ended 30 June 2008, which is estimated at \$0.16 per stapled security.

The ALE stapled securities have a book value of \$4.00 in HLG's balance sheet which was set at the time of the IPO when the ALE stapled security price was trading at \$4.20.

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