

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

25 March 2008

**Response to ASX letter dated 20 March 2008**

In response to your letter dated 20 March 2008, Hedley Leisure & Gaming Property Fund (**HLG** or the **Fund**), comprising Hedley Leisure & Gaming Property Partners Ltd and the Hedley Leisure & Gaming Property Trust, responds to your questions as follows:

**ASX question 1.** Whether the Fund considers that the information contained in the announcement concerning the Divestment Transactions and the Proposed Acquisition is material to the Fund?

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**HLG response:** **Divestment Transactions:**  
HLG does not consider the option agreement for the sale of a pub for an amount of approximately \$17 million or the agreement for the sale, subject to due diligence, of a pub for an amount of approximately \$8 million to be material to the Fund, either singly or collectively.

**Proposed Acquisition:**  
HLG does consider that the Proposed Acquisition (being approaches from independent third parties which have indicated interest in acquiring HLG or part or all of its assets) to be material to the Fund.

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**ASX question 2.** If the answer to either part of question 1 is 'no', please advise the basis on which the Fund does not consider the Divestment Transactions and the Proposed Acquisition to be material.

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**HLG response** **Divestment Transactions:**  
HLG does not consider either the option agreement for the sale of a pub for an amount of approximately \$17 million or the agreement for the sale, subject to due diligence, of a pub for an amount of approximately \$8 million to be material to the Fund in the context of the Fund's total assets of \$1.2 billion. Even though these agreements are not considered to be material, they were included in the 19 March 2008 ASX Announcement because the 17 March 2008 Trading Halt Announcement had referred to the fact that the Fund was considering divestments.

Other transactions were, on 17 March 2008, and are continuing to be considered, which if consummated may collectively be material. However

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there was nothing sufficiently certain or material to be announced on 19 March 2008. This is still the case.

**Proposed Acquisition:**

Not applicable.

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**ASX question 3.** If the answer to either part of question 1 is 'yes', when did the Fund first become aware of the Divestment Transactions and the Proposed Acquisition? Please comment on when negotiations for the Divestment Transactions and the Proposed Acquisition initially commenced and when they were completed (if applicable).

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**HLG response:** **Divestment Transactions:**

Not applicable.

**Proposed Acquisition:**

HLG first became aware of approaches from independent third parties which have indicated interest in acquiring HLG or part or all of its assets on 14 March 2008.

No reference was made to such approaches in the 17 March Trading Halt Announcement because, in accordance with listing rule 3.1A (1) a reasonable person would not expect the information to be disclosed, (2) the information was confidential, (3) the information concerns an incomplete proposal or negotiation, and (4) the information was insufficiently definite to warrant disclosure. The substance of those approaches remains at the stage of incomplete proposals or negotiations, confidential, and insufficiently definite to warrant disclosure.

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**ASX question 4.** If this was before the Response, please identify any earlier announcement from the Fund which disclosed the Divestment Transactions and the Proposed Acquisition.

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**HLG response:** **Divestment Transactions:**

Not applicable.

**Proposed Acquisition:**

Not applicable, as the first approach was after the Response.

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**ASX question 5.** If there was no earlier announcement, and the Fund became aware of the Divestment Transactions and the proposed Acquisition prior to the Response, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

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**HLG response:** **Divestment Transactions:**

Not applicable.

**Proposed Acquisition:**

Again not applicable, as the first approach was after the Response.

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**ASX question 6.** In addressing question 5 above, please consider whether the decrease in the share price before the Response indicated that confidentiality in relation to Divestment Transactions and the Proposed Acquisition had been lost.

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**HLG response:** Not applicable.

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**ASX question 7.** Please confirm that the Fund is in compliance with listing rule 3.1.

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**HLG response:** The Fund is in compliance with listing rule 3.1.

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Russell Daly  
Company Secretary  
Hedley Leisure & Gaming Property Partners Ltd  
for Hedley Leisure & Gaming Property Fund