

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

21 February 2008

HLG comments on Australian Financial Review article

In reference to the article published in the Australian Financial Review (AFR) on Thursday 21st February 2008 (Page 60, 61), which states “The value of one NSW property was cut from \$25 million to \$15 million”, The Manager of Hedley Leisure & Gaming Property Fund (**HLG**) advises the following -

- We believe the hotel referred to is the Canterbury Hotel and is valued at \$15.05 million as shown at page 70 of HLG’s Public Disclosure Statement issued for the purposes of the Initial Public Offering. Its carrying forward value remains at \$15.05 million.
- The Canterbury Hotel was acquired as part of the Iris Hotel Group and the writedown of the acquisition cost to \$15.05 million was part of the overall write off of costs relating to the acquisition of the entire Iris Group. These costs are part of the write down specified in the Public Disclosure Statement (page 55) as being \$23.1 million on all acquisitions contemplated.

The valuations in the Public Disclosure Statement were all conducted by LandMark White. Our most recent valuation by LandMark White dated 12th of December 2007 reaffirms the capitalization rates used in the Public Disclosure Statement. The current value of assets held by the fund is \$1.2 billion.

For further information please contact:

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