HLG
HEDLEY LEISURE & GAMING PROPERTY FUND

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

5 March, 2008

HLG Maiden Distribution for 6 months ending 31 December, 2007

HLG confirms it has now delivered its maiden distribution of 13cents per stapled security.
The distribution is expected to be 90% tax deferred.
No company dividend payment has been made.
An annual tax statement will be forwarded to security holders in August, 2008.

Interest Rate Hedging

Prior to listing HLG entered into a number of interest rate swaps that fixed HLG's interest rates for the next ten years. The profit of these swaps as at 29 February, 2008 was in excess of $51m. HLG has received $45m from the value of the swaps. This will be used to reduce debt and improve gearing – which has fallen 3.75% as a result of this transaction. Net debt is expected to reduce to $805m. The fund has acquired an additional $90m in assets plus acquisition costs over and above that listed in the PDS and post this transaction will have only increased its net debt by $5m. It is important to note that HLG's interest costs remain fully hedged against future interest rate increases as all interest rate swaps have been retained.

HLG continues to maintain Profitability and Cashflow in line with PDS forecasts. In the current market we will continue to consolidate our position and look at further avenues to strengthen our balance sheet.

All of HLG's debt is provided by two syndicated debt facilities totaling $910m. The syndicates are led by the ANZ Bank and include five Australian Trading Banks.

The facilities were put in place at the time of the float and have no review events related to market capitalization and are not due for review until August 2010. HLG continues to trade within its lending covenants.

We will continue to actively manage our interest rate exposure, taking into account the long-term nature of HLG's cashflows.

Significantly in this environment, the HLG board is seeing the value of HLG's decision to hedge our interest rate exposure for 10 years. These factors highlight that at current trading levels the share price is significantly undervalued and does not represent all of the tangible and intangible assets embedded in the fund.

On Behalf of the Board

Colin Henson
Chairman