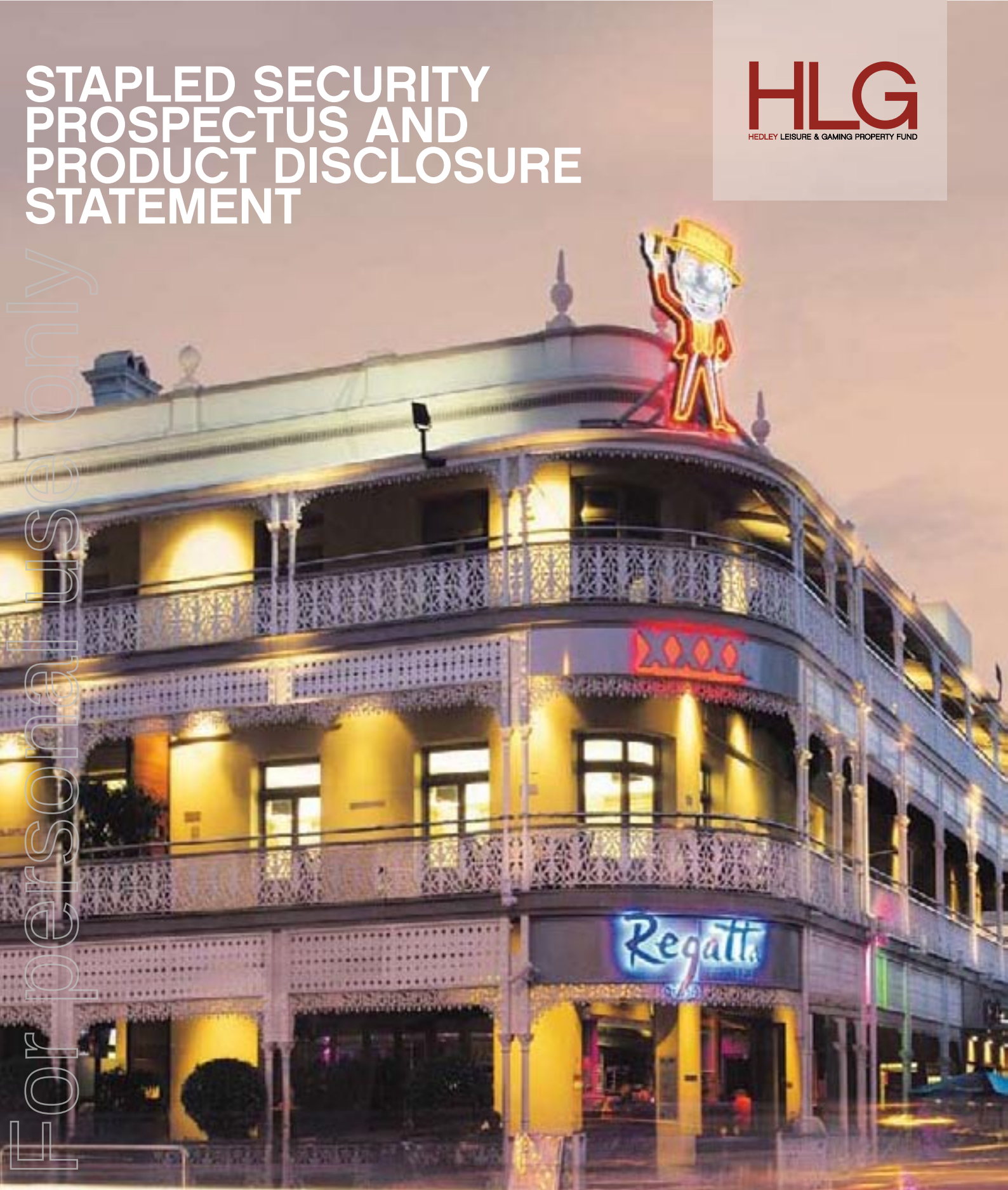
STAPLED SECURITY PROSPECTUS AND PRODUCT DISCLOSURE STATEMENT

HLG
HEDLEY LEISURE & GAMING PROPERTY FUND

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Joint Lead Managers and Underwriters:

ANZ Securities Limited

ABN·AMRO Morgans

Co Lead Manager:

Bell Potter
SECURITIES LIMITED

Financial Advisor:

ANZ Investment Bank

A Division of Australia and New Zealand Banking Group Limited ACN 005 357 522

Online Broker:

E*TRADE AUSTRALIA

Issuers: Hedley Leisure & Gaming Property Partners Limited ABN 44 124 753 733 and Permanent Investment Management Limited ABN 45 003 278 831 AFSL 235150 as Responsible Entity of Hedley Leisure & Gaming Property Trust ARSN 125 526 016

IMPORTANT INFORMATION

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Product Disclosure Statement
This document is a product disclosure statement issued by Permanent Investment Management Limited ABN 45 003 278 831 AFSL 2351510 (the "Responsible Entity") in its capacity as Responsible Entity of the Hedley Leisure & Gaming Property Trust (the "Trust") for the purposes of Part 7.9 of the Corporations Act in respect of units in the Trust.

Prospectus
This document is a prospectus issued by Hedley Leisure and Gaming Property Partners Limited ABN 44 124 753 733 (the "Company") pursuant to Part 6D of the Corporations Act in relation to the issue of ordinary Shares in the Company.

Capital and investment returns are not guaranteed
Investments in the Company and the Trust (together "HLG") are subject to investment risks, including possible delays in payment of dividends and/or distributions and loss of capital invested.

Neither the Company nor Permanent Investment Management Limited (the "Responsible Entity") guarantees any particular rate of return on Stapled Securities or the performance of HLG, nor do they guarantee the repayment of capital from HLG.

No investment advice
Potential investors are advised to read this Offer Document in its entirety. Before deciding to invest, you should seek professional advice from a stockbroker, accountant or financial adviser about your individual objectives, financial situation and needs as those matters have not been considered by HLG in preparing the Offer Document. Some of the risk factors which should be considered are set out in Section 9.

If you have any questions about the Offer or how to complete the Application Form, you should call the Hedley Leisure & Gaming Property Fund Stapled Security Offer Information Line on 1800 208 106 or alternatively contact your stockbroker, accountant or financial adviser. Information can also be found on the Hedley Leisure & Gaming Property Fund website at www.hlg.com.au.

Lodgement and listing
This Offer Document is dated 25 June 2007 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. ASIC and the ASX Limited ("ASX") take no responsibility for the content of this Offer Document. An application will be made to ASX not later than seven days after the date of this Offer Document for the Company and the Trust to be admitted to the Official List and for official quotation of the Stapled Securities on ASX. The fact that ASX may admit the Stapled Securities to the Official List is not to be taken as an indication of the merits of HLG.

Expiry date
No Stapled Securities will be allotted or issued on the basis of this Offer Document later than 13 months after the date of this Offer Document.

No representations
No person is authorised to provide any information or to make any representation in connection with the Offer described in this Offer Document which is not contained in this Offer Document. Any information or representation not so contained may not be relied upon as having been authorised by HLG in connection with the Offer.

Arranger and financial services guides
The Responsible Entity is the holder of an Australian Financial Services Licence ("AFSL ") (No. 235150). To the extent that this Offer Document contains financial product advice, then the statements or information constituting that advice are made by the Responsible Entity. The Investigating Accountant also has to provide retail clients with a financial services guide in relation to the Investigating Accountant's Report. The financial services guide is provided at the end of that report.

No cooling-off rights
Cooling-off rights do not apply to an investment in Stapled Securities. This means that, in most circumstances, you cannot withdraw your Application once it has been made.

Offering restrictions
No action has been taken to register or qualify this Offer Document or otherwise to permit a public offering of the Stapled Securities in any jurisdiction outside of Australia. The distribution of this Offer Document in a jurisdiction outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Exposure period
The Corporations Act prohibits the processing of Applications in the seven day period after the date of lodgement of this Offer Document. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable the Offer Document to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Electronic Offer Document
This Offer Document may be viewed online at www.hlg.com.au. Persons who receive the electronic version of this Offer Document should ensure that they download and read the entire Offer Document. The Offer is only available to persons receiving the electronic version of this Offer Document within Australia. A paper copy of this Offer Document will be provided free of charge to any person who requests a copy by contacting Computershare on 1800 208 106 or by mail or in person, during the period of the Offer. The information on www.hlg.com.au is not part of this Offer Document. A person must not pass on the Application Form to another person unless it is attached to a hard copy, or complete and unaltered electronic version, of this Offer Document.

Forward Looking Statements
This Offer Document contains forward looking statements. These statements are based on an assessment of recent economic and operating conditions, and on a number of assumptions regarding future events and actions which, at the date of this Offer Document, are expected to take place (including the key assumptions set out in Section 6 of this Offer Document). Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of HLG. The directors of the Company and the Responsible Entity cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

Disclaimer
Investments in HLG do not represent investments in, deposits with or other liabilities of ANZ or any other member of the ANZ group of companies "ANZ Group". Neither ANZ nor any other member of the ANZ Group (any of the foregoing, an ANZ Company) does in any way stand behind the capital value, nor do they guarantee the performance of the investment or the underlying assets in HLG.

The ANZ Group may provide debt and treasury and other services to HLG or its controlled entities. These services are provided by ANZ Companies in various capacities as a third party provider, and an ANZ Company will act if necessary to lawfully protect its interests ahead of those of investors and other parties. In acting in its various capacities in connection with HLG, an ANZ Company will have only the duties and responsibilities expressly agreed to by it in the relevant capacity and will not, by virtue of it or any other ANZ Company acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

To the greatest extent permitted by law, ANZ, ANZ Securities Limited and each other ANZ Company (in each capacity) and ABN Amro Morgans each expressly disclaim any responsibility for any information, statement or error contained in, or omission from, this Offer Document.

ANZ Securities Limited is a separate entity from ANZ and is not an authorised deposit-taking institution under the Banking Act 1959 (Australia).

Further information
Changes in information relating to the Stapled Securities that is not materially adverse to Securityholders will be updated and made available online at www.hlg.com.au. A paper copy of any updated information is available for free on request.

Where updated information about the Stapled Securities is considered materially adverse to Investors, the Issuers may issue a replacement or supplementary Offer Document.

Definitions
A number of words and terms used in this Offer Document have defined meanings that appear in Section 14.

Financial amounts
All financial amounts contained in this Offer Document are expressed in Australian currency unless otherwise stated.

Privacy
By completing the Application Form to apply for Stapled Securities, you are providing personal information to the service provider, the Registry, which is contracted by HLG to manage applications for Stapled Securities. HLG, and the Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, HLG and the Registry may not be able to process or accept your Application.

Your personal information may be provided to HLG's agents and service providers on the basis that they deal with such information is accordance with HLG's privacy policy. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Registry for ongoing administration of the register;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing HLG's investor base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administrating, and advising on, the Stapled Securities and for associated actions.

You may request access to your personal information held by (or on behalf of) HLG. You may be required to pay a reasonable charge in order to access your personal information. You can request access to your personal information by writing to or telephoning us as follows:

The Privacy Officer

Hedley Leisure & Gaming Property Fund
69 Aumuller Street
Cairns, QLD 4870
privacyofficer@hlg.com.au
Phone : (07) 4041 9544
Fax: (07) 4035 3343

HLG has adopted a privacy policy. You can obtain a copy of this policy by visiting HLG's website at www.hlg.com.au

Enquiries
If you have any questions about the Offer or how to complete the Application Form, you should call the Hedley Leisure & Gaming Property Fund Stapled Security Offer Information Line on 1800 208 106. Information can also be found on the Hedley Leisure & Gaming Property Fund website: www.hlg.com.au. For more information, contact your stockbroker, accountant or financial adviser.

Photographs
HLG is a landlord only with an economic interest only in the land and buildings featured on the front cover and throughout this Offer Document, and has entered into tenancy arrangements with operators to manage each establishment described herein. No photographs should be taken to indicate that HLG has any interest in the business in a property photographed.



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Application Form
Corporate Directory

KEY DETAILS OF THE OFFER

Key Offer Terms

Offer Price	$3.50 per Stapled Security
Amount to be raised	$126.00 million
Stapled Securities to be offered to Investors[1]	36.00 million
Stapled Securities on issue at Completion[1,2,3]	118.90 million
Market Capitalisation at the Offer Price	$416.15 million

Key Financial Forecasts[4]

	FY2008	FY2009
Forecast Yield[5] to Investors at the Offer Price	7.75%	8.00%
Forecast Tax Deferred component of Distributions[6]	90%	85%
Weighted Average Annual Rental Increase		3.8%
Pro forma Total Assets at Completion		$1.17 billion
Pro forma Gearing at Completion		68.2%
Pro forma number of gaming licences in Pubs		2,647
Pro forma Weighted Average Lease Expiry		18.4 years

Key Dates

Open Date	Monday 2 July 2007
Close Date	Friday 27 July 2007
Commencement of trading on ASX on a conditional, Deferred Settlement basis	Thursday 2 August 2007
Allotment of Stapled Securities	Friday 3 August 2007
Holding statements issued	Monday 6 August 2007
Deferred Settlement trading ends and unrestricted trading on ASX commences	Tuesday 7 August 2007
First Distribution Period	Half year period ended 31 December 2007

These dates are indicative only and may be changed by the Issuers in consultation with the Underwriters. Changes may include extending or reducing the Offer Period, without notice, prior to Allotment (subject to the Corporations Act). Investors are encouraged to submit their Application as soon as possible after the Offer Open Date. Applications received prior to the Offer Open Date will not be processed until this time.

1 Excluding oversubscription facility of 5.7 million Stapled Securities.

2 At Allotment, TWH (QLD) Pty Ltd (the "Founder") will hold 67.87 million Stapled Securities.

3 Assuming the Acquisition Contracts are completed, and Vendor Securities of 15.03 million Stapled Securities are issued, see sections 1.3 and 3 for details.

4 The Forecasts are based on a number of estimates, assumptions and pro-forma adjustments that are subject to business, economic and competitive uncertainties and contingencies, which are subject to change and in many cases are outside the control of the Responsible Entity and the Directors. The Forecasts presented in this Offer Document may vary from actual financial results, and these variations may be material. Details of the Forecasts, the assumptions on which they are based and the discussion and analysis of them together with associated risk factors are set out in Sections 6.3 and 9.

5 The Forecast Yield for the year ended 30 June 2008 and 2009 is not guaranteed. The Forecast Yield reflects the reinvestment of Distributions by the Founder as described in section 6.3, which increases cash available to fund Distributions to other Securityholders. Refer to Section 6 for further information about the basis of and assumptions underlying such forecasts. Refer to Section 9 regarding risks associated with an investment in Stapled Securities. Distributions paid after the Forecast Period have not been predicted and the Forecast Yield should not be a forecast of future distributions.

6 Refer to sections 6.6 and 11 explaining tax deferral.

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INVESTORS' WELCOME LETTER

Dear Investors

On behalf of Hedley Leisure & Gaming Property Partners Limited (the "Company") and Permanent Investment Management Limited (the "Responsible Entity"), we are delighted to offer you an opportunity to invest in securities in the Hedley Leisure & Gaming Property Fund ("HLG").

The securities are Stapled Securities, comprising one unit in the Hedley Leisure & Gaming Property Trust (the "Trust"), and one share in the Company (which can only be bought and sold together). The Trust and the Company constitute HLG.

HLG is seeking to raise $126 million by issuing 36 million Stapled Securities at $3.50 each ("Offer Price").

HLG will be managed by HLG Management Pty Ltd (the "Manager"), a member of the Hedley Group. The Hedley Group has a successful track record of 30 years in managing Pub freeholds.

HLG owns 52 Pub, 15 bottle shop, and ancillary retail freeholds, and a 21.3% stake in ASX listed ALE Property Group (the "ALE Investment") which owns 99 Pub freeholds. HLG has contracts to acquire a further 34 Pub freeholds. On completion of these contracts, HLG will have total assets of $1.17 billion and will own the largest portfolio of Pub freeholds in Australia by value.

HLG has leased its Pubs to leading tenants on a long term basis with a Weighted Average Lease Expiry of 18.4 years. HLG receives approximately 82% of its income from Coles Group Limited and National Leisure and Gaming Limited. The Weighted Average Rental Increase is forecast to be 3.8% per annum, and tenants are responsible for all or most of the outgoings and property maintenance.

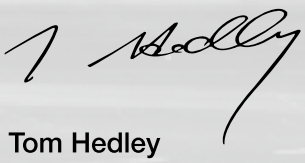
HLG's objective is to provide a stable distribution yield to investors, with the potential for capital growth. On the recommendations of the Manager, the Forecast Yield for HLG based on the Offer Price is 7.75% for the year to 30 June 2008 and 8.00% for the year to 30 June 2009, and a significant tax deferred component is expected.

We strongly encourage you to read this Offer Document in full before making an investment decision including Section 9 which identifies some of the risks of investing in the Stapled Securities. If you have any enquires about any aspect of the Offer or completing of the Application Form please contact your financial, taxation or other professional adviser.

Yours faithfully



Colin Henson
Chairman
Hedley Leisure and Gaming
Property Partners Limited



Tom Hedley
Chief Executive Officer
HLG Management Pty Ltd

Key Investment Risks

Gearing

The use of debt by HLG involves a higher degree of risk than if no debt were used, as the impact of good and poor performance is magnified when debt is used. HLG has higher Gearing than most other listed property funds.

Interest Rates

Changes in interest rates can change the cost of debt to HLG, however HLG has attempted to mitigate this risk by hedging its interest exposure, as described in Sections 6 and 8.

Value of Portfolio

The value of the Portfolio may rise or fall due to changes in various factors, including demand and supply for Pubs, property yields and rental conditions. Beyond the Forecast Period, Distributions are dependant on increases in the value of the Portfolio, and/or Founder participation in the Dividend Reinvestment Plan.

Inflation

Inflation rates in excess of 3.8% may result in the costs of HLG growing faster than the revenues of HLG which would reduce the profitability of HLG.

Concentration of revenue

Approximately 82% of forecast FY2008 and FY2009 income comes from the two major tenants Coles and NLG. If either of the major tenants defaults on its lease obligations, the value of and returns from HLG may be adversely affected.

Investment Risks are set out in section 9. Before investing in HLG, Investors should consider these risk factors carefully and read this Offer Document in its entirety.

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Key Investment Highlights

Forecast Yield at Offer Price of 7.75% for FY2008 and 8.00% for FY2009 - significantly tax deferred

Experienced Pub operators as tenants - Coles, NLG & Hedz

Long term leases - Weighted Average Lease Expiry of 18.4 years

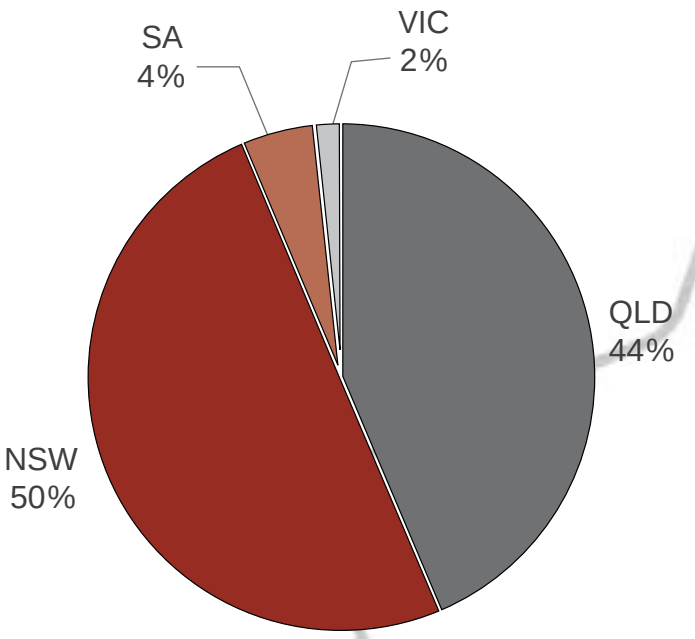
Total asset value $1.17 billion at Completion (individual property basis)

Net asset backing per Stapled Security on Completion of $3.12 (individual property basis)

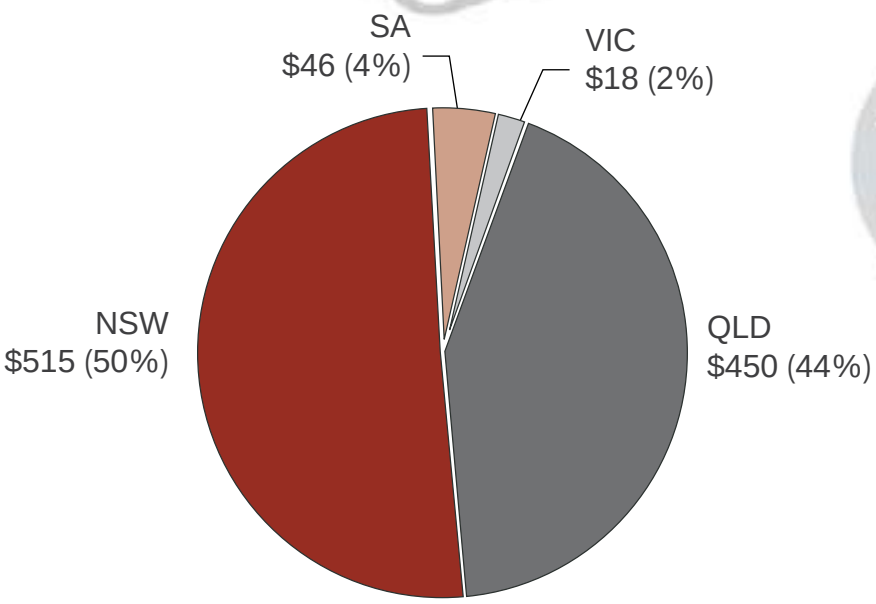
Whole of portfolio valuation on Completion $55 million higher than sum of individual property valuations recorded in net assets (representing $0.46 per Stapled Security)

Portfolio Highlights

Contribution to Pub Rent by State



Total Value of Pubs by State (millions)





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Note: Includes Pubs owned and under contract to acquire, excluding bottle shops and ancillary retail freeholds.



Note: Includes Pubs owned and under contract to acquire, excluding bottle shops and ancillary retail freeholds.

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The Portfolio at Completion

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QLD



The Regatta
Location: Toowong
Valuation: $32.50 million
Tenant: Coles
Lease Exp: 24/7/25
EGM Licences: 35



Cleveland Sands Hotel
Location: Cleveland
Valuation: $19.90 million
Tenant: Coles
Lease Exp: 11/12/21
EGM Licences: 40



Crown Hotel
Location: Lutwyche
Valuation: $19.00 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Everton Park Hotel
Location: Everton Park
Valuation: $18.30 million
Tenant: Coles
Lease Exp: 11/12/21
EGM Licences: 40



Fitzgibbons Hotel
Location: Loganholme
Valuation: $17.30 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Kirra Beach Hotel
Location: Kirra Beach
Valuation: $16.65 million
Tenant: Hedz
Lease Exp: 16/10/36
EGM Licences: 40



Dunwoodys
Location: Cairns
Valuation: $16.55 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



The Hotel Allen
Location: Northward
Valuation: $15.75 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Royal Mail Hotel*
Location: Tewantin
Valuation: $15.40 million
Tenant: Coles
Lease Exp: 2/7/22
EGM Licences: 40



Kings Beach Tavern*
Location: Caloundra
Valuation: $13.45 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 40



Fitzy's Waterford
Location: Waterford
Valuation: $12.95 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Mi-Hi Tavern
Location: Brassal
Valuation: $12.95 million
Tenant: Coles
Lease Exp: 11/12/21
EGM Licences: 40



Ferry Rd Tavern
Location: Southport
Valauation: $12.85 million
Tenant: Coles
Lease Exp: 26/7/21
EGM Licences: 40



Tom's Tavern
Location: Aitkenvale
Valuation: $12.70 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Trinity Beach Hotel
Location: Trinity Beach
Valuation: $12.70 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 32



Bribie Island*
Location: Bellara
Valuation: $12.50 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 40



Finnigans Chin
Location: Cleveland
Valuation: $10.90 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 26



Bonny View Tavern
Location: Bald Hills
Valuation: $10.40 million
Tenant: Coles
Lease Exp: 11/12/21
EGM Licences: 40



The Glades Tavern
Location: Yamanto
Valuation: $10.10 million
Tenant: Hedz
Lease Exp: 11/12/36
EGM Licences: 35



Chancellors Tavern*
Location: Sippy Downs
Valuation: $10.00 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 40



Ocean Palms*
Location: Bushland Beach
Valuation: $9.30 million
Tenant: Hedz
Lease Exp: 9/7/37
EGM Licences: 30



Brighton Hotel
Location: Brighton
Valuation: $9.00 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 35



New Inala Hotel
Location: Inala
Valuation: $8.65 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Lord Stanley Hotel*
Location: East Brisbane
Valuation: $8.60 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 40

Note: Excludes bottle shops and ancillary retail freeholds with a combined value of $33.80 million.
*Subject to an Acquisition Contract (see section 12.3) Valuation set out in section 7.

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Sundowner Hotel
Location: Caboolture
Valuation: $8.35 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 35



Hotel Wickham
Location: Fortitude Valley
Valuation: $8.35 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 30



Boomerang Motor Hotel
Location: West Mackay
Valuation: $7.70 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Berserker Tavern
Location: Rockhampton
Valuation: $7.45 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Sole on Sheridan
Location: Cairns
Valuation: $6.10 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 0



Finnigans Chin
Location: Kallangur
Valuation: $6.00 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Leichhardt Hotel
Location: Rockhampton
Valuation: $5.95 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 29



Grafton Hotel
Location: Edmonton
Valuation: $5.80 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Club Hotel
Location: Gladstone
Valuation: $5.80 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Barron River Hotel
Location: Stratford
Valuation: $5.75 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 35



Woodpecker Bar & Grill
Location: Burpengary
Valuation: $5.75 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 30



Westcourt Tavern
Location: Cairns
Valuation: $5.70 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Kooyong Hotel
Location: North Mackay
Valuation: $5.65 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Palm Cove Tavern
Location: Palm Cove
Valuation: $5.63 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 37



Royal Hotel Townsville
Location: West End
Valuation: $4.95 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 40



Mansfield Hotel
Location: Townsville
Valuation: $4.35 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 12



Coomera Lodge Hotel
Location: Oxenford
Valuation: $3.00 million
Tenant: Coles
Lease Exp: 11/12/21
EGM Licences: 22



Barrier Reef Hotel
Location: Cairns
Valuation: $2.40 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 35



The Carrington Hotel
Location: Atherton
Valuation: $1.95 million
Tenant: Hedz
Lease Exp: 11/9/36
EGM Licences: 30



Commonwealth Hotel
Location: Innisfail
Valuation: $1.90 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 30



Anthill Hotel
Location: Mareeba
Valuation: $1.85 million
Tenant: Coles
Lease Exp: 13/6/21
EGM Licences: 23



Mt Isa Hotel*
Location: Mt Isa
Valuation: $1.70 million
Tenant: Hedz
Lease Exp: 1/7/37
EGM Licences: 30

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NSW



The Eastwood Hotel*
Location: Eastwood
Valuation: $31.55 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 30



El Cortez Hotel*
Location: Wakely
Valuation: $29.00 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 30



Hotel Cremorne
Location: Cremorne
Valuation: $28.30 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 25



The Cabramatta Hotel*
Location: Cabramatta
Valuation: $27.55 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 30



The Mount Annan Hotel*
Location: Mount Annan
Valuation: $23.25 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licenses: 29



Campbelltown Hotel*
Location: Campbelltown
Valuation: $21.3 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 30



Keighery Hotel*
Location: Auburn
Valuation: $18.30 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 30



Royal Hotel*
Location: Granville
Valuation: $18.15 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 28



Port Macquarie Hotel
Location: Port Macquarie
Valuation: $17.94 million
Tenant: GSL
Lease Exp: 31/1/37
EGM Licences: 26



The Bankstown Oasis*
Location: Bankstown
Valuation: $16.85 million
Tenant: NLG
Lease Exp: 8/7/22
EMG Licences: 28



Willoughby Hotel
Location: Willoughby
Valuation: $16.50 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 25



Kincumber Hotel
Location: Kincumber
Valuation: $16.28 million
Tenant: Hedz
Lease Exp: 1/3/37
EGM Licences: 24



Brewhouse Belmore*
Location: Belmore
Valuation: $16.25 million
Tenant: NLG
Lease Exp: 4/12/21
EGM Licences: 27



The Leumeah Hotel*
Location: Leumeah
Valuation: $15.80 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 24



The Wattle Grove Hotel*
Location: Wattle Grove
Valuation: $15.65 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 25



The Canterbury Hotel*
Location: Canterbury
Valuation: $15.05 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 24



Tacking Point Tavern*
Location: Port Macquarie
Valuation: $15.00 million
Tenant: NLG
Lease Exp: 1/7/22
EGM Licences: 24



Brewhouse Doonside*
Location: Doonside
Valuation: $14.50 million
Tenant: NLG
Lease Exp: 4/12/21
EMG Licences: 22



Plantation Hotel
Location: Coffs Harbour
Valuation: $14.20 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 15



Revesby Pacific Hotel*
Location: Revesby
Valuation: $14.00 million
Tenant: NLG
Lease Exp: 8/7/22
EGM Licences: 20



Bristol Arms Hotel
Location: Sydney
Valuation: $13.90 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 8



Mt Druitt Cedars Tavern*
Location: Emerton
Valuation: $13.70 million
Tenant: NLG
Lease Exp: 15/2/22
EGM Licences: 20



Royal Hotel
Location: Ryde
Valuation: $13.00 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 24



St Marys Hotel*
Location: St Marys
Valuation: $12.55 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 21

Note: Excludes bottle shops and ancillary retail freeholds with a combined value of $33.80 million.
*Subject to an Acquisition Contract (see section 12.3) Valuation set out in section 7.

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Livingstone Hotel*
Location: Petersham
Valuation: $12.50 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 27



Lakview Hotel Motel*
Location: Oak Flats
Valuation: $11.70 million
Tenant: Hedz
Lease Exp: 2/7/37
EGM Licences: 15



Bridgeview Hotel
Location: Willoughby
Valaution: $11.10 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 21



Kooringal Hotel
Location: Wagga Wagga
Valuation: $9.40 million
Tenant: GSL
Lease Exp: 28/1/37
EGM Licences: 22



Lidcombe Hotel*
Location: Lidcombe
Valuation: $7.80 million
Tenant: NLG
Lease Exp: 14/6/22
EGM Licences: 24



Moonee Beach Tavern*
Location: Moonee Beach
Valuation: $8.08 million
Tenant: NLG
Lease Exp: 2/7/22
EGM Licences: 15



Town Green Hotel
Location: Port Macquarie
Valuation: $5.06 million
Tenant: GSL
Lease Exp: 31/1/37
EGM Licences: 15



Finniens Irish Tavern
Location: Port Macquarie
Valuation: $4.70 million
Tenant: GSL
Lease Exp: 31/1/37
EGM Licences: 15



Commercial Hotel
Location: Mullumbimby
Valuation: $3.95 million
Tenant: Hedz
Lease Exp: 1/3/37
EGM Licences: 15



Chincogan Hotel
Location: Mullumbimby
Valuation: $2.35 million
Tenant: Hedz
Lease Exp: 31/1/37
EGM Licences: 15

SA



Waterloo Tavern*
Location: Paralowie
Valuation: $14.05 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 33



Brighton Metro Hotel*
Location: Brighton
Valuation: $11.10 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 33



Grand Junction Hotel*
Location: Pennington
Valuation: $7.60 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 32



Payneham Tavern*
Location: Royston Park
Valuation: $7.30 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 32



Western Tavern*
Location: West Gambier
Valuation: $6.10 million
Tenant: Coles
Lease Exp: 31/7/22
EGM Licences: 33

VIC



Quality Inn Bendigo*
Location: Bendigo
Valuation: $18.00 million
Tenant: Hedz
Lease Exp: 1/7/37
EGM Licences: 100

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Key Information



SECTION 01

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1.1 HLG's Formation

The Hedley Leisure & Gaming Property Fund ("HLG") comprises Hedley Leisure & Gaming Property Trust (the "Trust") and Hedley Leisure & Gaming Property Partners Limited (the "Company"). Investors in HLG will hold Stapled Securities comprising a unit in the Trust and a share in the Company, which can only be bought and sold together (see Section 2.1).

The Trust owns the Portfolio, comprising 52 Pubs, 15 bottle shops and ancillary retail freeholds, with a fair value of $570.01 million (see sections 3.4 and 7). As set out in section 3.1, the current Portfolio has been established by the following key steps:

1992-2006	The Hedley Group assembles, both through acquisition and development, a portfolio of 36 Pubs and 75 bottle shops located in Queensland, with annual turnover in excess of $750 million and 2,500 employees.
June 2006	The Hedley Group sells its Pub and liquor business to Coles while the Trust retains the freehold interests in 28 Pubs and 14 bottle shops.
June 2006 – January 2007	The Trust acquires an additional 24 Pubs, and a bottle shop, predominately based in NSW.

In addition, the Trust;

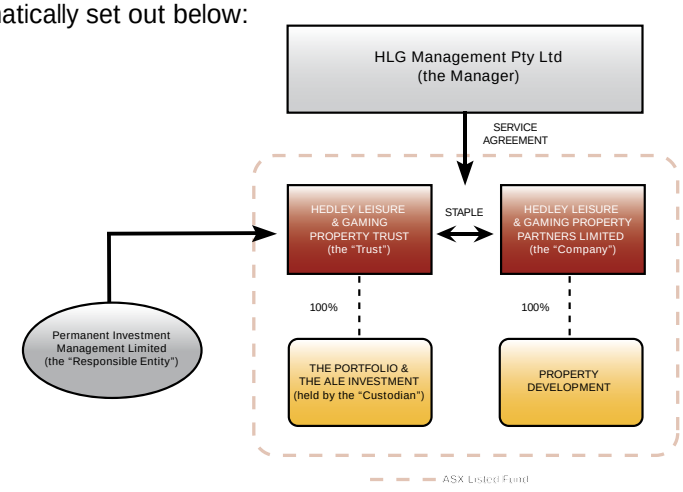
- has agreements to acquire a further 34 Pubs ("Acquisition Contracts") for a total acquisition cost of $517.92 million due on settlement ("Completion") (see section 3.4.2); and
- owns 21.3% of ASX listed ALE Property Group, that owns 99 Pubs, and has a market capitalisation of approximately $400 million.

1.2 HLG's Structure & Management

HLG's structure and governance are described in sections 2.1 and 5. Key elements are as follows:

- Permanent Investment Management Limited is the Responsible Entity of the Trust;
- HLG Management Pty Ltd (the "Manager"), a member of the Hedley Group, but not part of HLG, manages HLG's investments and reports to the Directors and the Responsible Entity; and
- Hedley Leisure & Gaming Property Services Pty Ltd (the "Custodian"), a wholly owned subsidiary of the Company, holds the assets of the Trust.

HLG's structure is diagrammatically set out below:



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The Manager will be entitled to receive the following fees from HLG:

Base Fees	Base Fees of 0.308% of the gross value of HLG's assets (over the Forecast Period) and 0.401% thereafter. The Management Fee is to be paid half yearly.
Performance Fees	An annual performance fee of up to 0.25% of the gross value of HLG's assets based on the percentage by which the accumulated total return on the Stapled Securities exceeds the performance of the S&P/ASX 200 Property Trust Accumulation Index for the corresponding period.
Transaction Fees	Transaction Fees of 1% of the purchase price on completion of real property acquisitions (excluding the Acquisition Contracts).

During the Forecast Period all fees are to be paid in Stapled Securities to the Manager, based on a 15 day volume weighted average trading price of the Stapled Securities. For more detail refer to sections 5.3 and 10.

1.3 Offer Summary

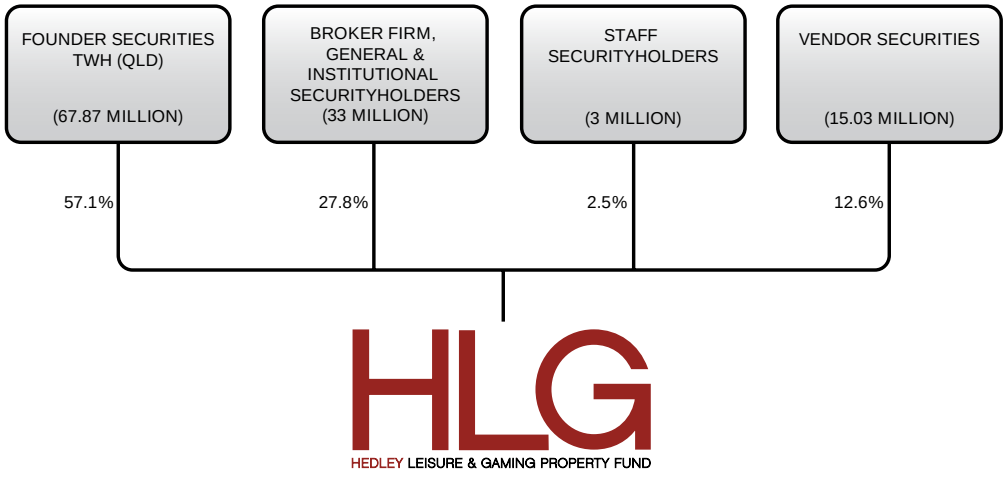
The Offer is described in section 2.2. It is for 36 million Stapled Securities in HLG at the Offer Price of $3.50 per Stapled Security in order to raise $126 million (including the Staff Offer of $10.50 million). In addition, HLG will accept oversubscriptions of up to $20 million being up to 5.7 million Stapled Securities.

The Offer of $126 million is underwritten to the extent of the $115.50 million comprising the Broker Firm, General and Institutional components.

TWH (QLD) Pty Ltd, a member of the Hedley Group holds 67.87 million Stapled Securities in HLG ("Founder Securities"). HLG has agreed to issue 15.03 million Stapled Securities to Pub Vendors ("Vendor Securities"), as partial consideration under three of the Acquisition Contracts, on Completion (see sections 12.3.9 and 12.3.10 for more details).

All of the Stapled Securities issued and to be issued by HLG are proposed to be listed on the Australian Securities Exchange.

Ownership of HLG following completion of the Offer (if there are no oversubscriptions) is illustrated below (as set out in section 2.4).



The Founder Securities will rank equally in all respects with the Stapled Securities issued under the Offer, and pursuant to the Relationship Deed will be subject to a voluntary escrow period of 24 months (see section 12.4.2).

1.4 Overall Financial Position

HLG's pro forma forecast financial position is described in section 6.

The key elements of HLG's current financial position before Allotment and settlement of Acquisition Contracts are as follows:

- Ownership of 52 Pubs, 15 bottle shops and ancillary retail freeholds with a fair value of $570.01 million;
- 21.3% of the stapled securities in ALE representing a market value in the order of $77.5 million;
- Borrowings of approximately $443 million;
- Acquisition Contracts to acquire 34 Pubs at a total acquisition cost (including stamp duty) of approximately $517.92 million to be partially settled by the issue of Vendor Securities; and
- Bank arrangements for an additional $467 million in debt facilities, which will be drawn down on Completion by $355.90 million.

Assuming settlement of the Acquisition Contracts, on Completion HLG's financial position will have the following key elements:

- Ownership of 86 Pub, 15 bottle shop, and ancillary retail freeholds with a fair value of $1.06 billion;
- A whole of portfolio premium of $55 million (or 46 cents per Stapled Security) not recognised in its balance sheet;
- 21.3% of the listed stapled securities in ALE valued at $77.5 million;
- 118.90 million Stapled Securities on issue with a market capitalisation at the Offer Price of approximately $416 million;
- Total borrowings of $799.1 million;
- Gearing of 68.2% based on total Debt Facilities drawn.

1.5 Sources and Applications of Funds

The following table shows the sources and application of funds received from the Offer and drawdown of the Debt Facilities to complete the Acquisition Contracts.

Sources	$ Million	Applications	$ Million
Offer proceeds	126.00	Settlement of Acquisition Contracts and/or repayment of Bridge Facility	517.92
Issue of Vendor Securities	52.61	Working capital, Financing establishment costs, Costs of the Issue	16.69
Drawdown of Senior Debenture Subscription Facility	321.00		
Drawdown of Junior Debenture Subscription Facility	35.00		
	534.61		534.61

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Additionally HLG has Bank arrangements with ANZ (see section 8) to replace existing borrowings, and for an additional $467 million in debt facilities, which will be drawn down on Completion by an additional $355.9 million to partially settle the Acquisition Contracts.

1.6 Fund Strategy

The Manager will seek to actively grow the Portfolio by acquiring Pub freeholds (see section 3.2 and 3.3 for a full description of the Manager's strategy and investment criteria).

The Pub sector is highly fragmented and undergoing a period of corporatisation and consolidation (as described in the industry report in section 4).

The Manager is a member of the Hedley Group, which has extensive experience in acquiring and developing Pubs (see section 3.1).

HLG's existing core tenants Coles, NLG (including the recently acquired Grant Samuel Pub Operations), and Hedz (a member of the Hedley Group), have all demonstrated a willingness to expand their Pub operating businesses.

1.7 The Portfolio at Completion (see section 3.5 for details)

Key Statistics	Pro forma
Total assets	$1.17 billion
Number of properties	
Freehold Pubs	86
Freehold bottle shops	15
Total	101
Primary Tenants	Coles, NLG[1] & Hedz
Number of Gaming Licences of Pubs[2]	2,647
Weighted Average Lease Term	18.4 years
Total Land Area	In excess of 360,000m^2

[1] Includes Grant Samuel Pub Operations

[2] Held mainly by operator, but controlled by HLG at lease expiry.

1.8 Distributions

On the basis of the assumptions detailed in section 6.7 and subject to the risk factors set out in section 9, on the recommendations of the Manager HLG has forecast a distribution yield at the Offer Price of 7.75% for the year to 30 June 2008 and 8.00% for the year to 30 June 2009 (see section 3.8 for more detail).

These Distributions are expected to be largely tax deferred (see sections 6.3 and 11 for more detail).

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1.9 Debt and Interest Rate Hedging Policy

External borrowings of HLG will include debt from third parties secured against the underlying assets of HLG as outlined in section 8.

HLG's current debt policy is summarised as follows:

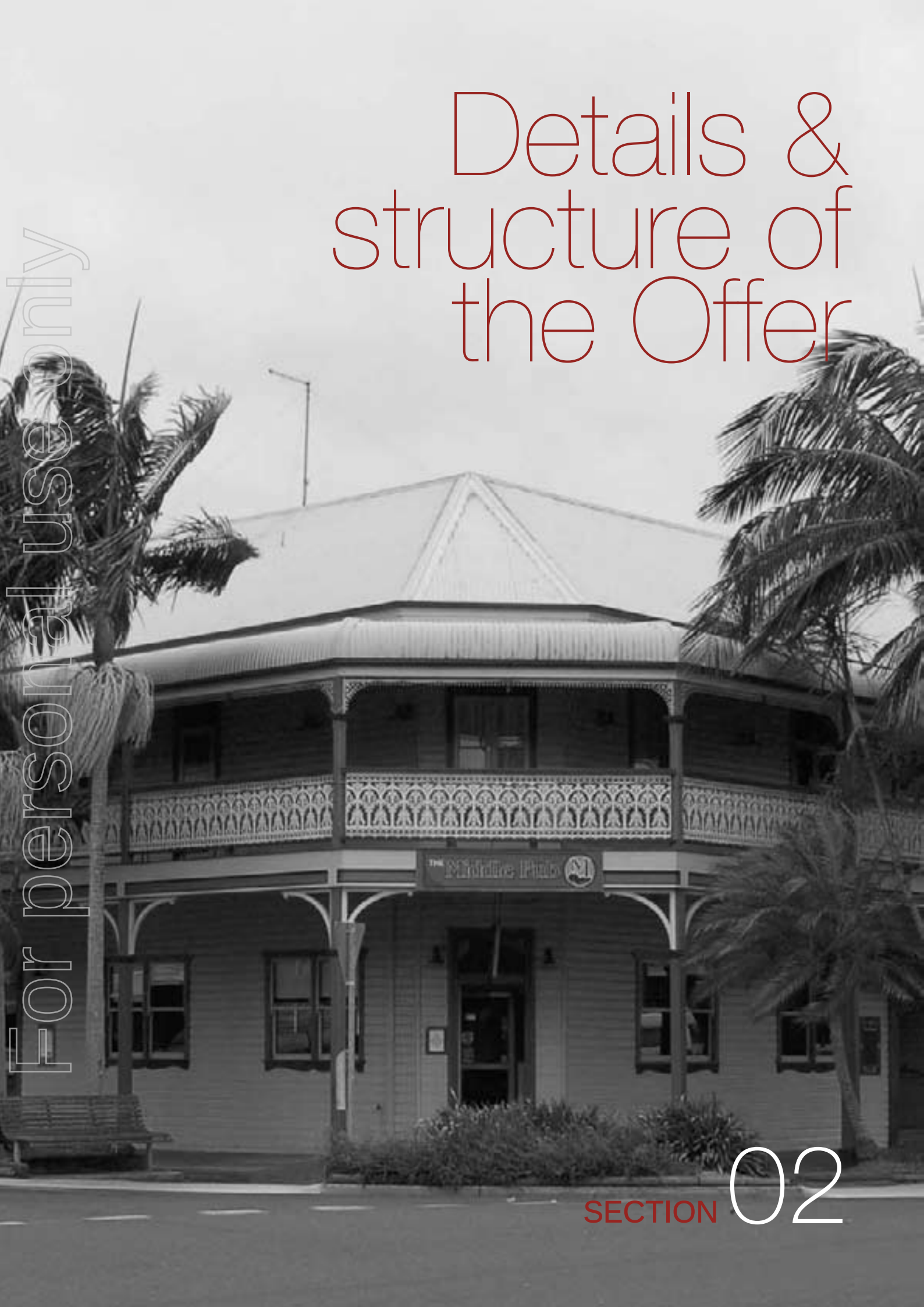
- Gearing of no greater than 75%;
- an appropriate level of interest rate hedging as determined by the Directors and the Manager, of the overall debt position of HLG to mitigate interest rate exposure;
- compliance with the Debt Facility covenants as described in section 8; and
- sourcing a competitive cost of funds by accessing available debt markets.

HLG has hedged its interest rate exposure by entering into 10 year fixed index swaps with a weighted average commencing base rate (excluding interest margins) of 5.45% and indexed each year by a fixed amount (taking into account the Weighted Average Annual Rental Interest). For more details refer to section 8.5.

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Details & structure of the Offer



SECTION 02

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2.1 HLG's Structure

Hedley Leisure & Gaming Property Fund ("HLG") comprises Hedley Leisure & Gaming Property Trust (the "Trust") and Hedley Leisure & Gaming Property Partners Limited (the "Company"). Investors in HLG will receive a Stapled Security comprising a unit in the Trust and a share in the Company, which can only be bought and sold together.

The Trust owns a Portfolio of 52 Pub, 15 bottle shop, and ancillary retail freeholds, and a 21.3% interest in ALE Property Group which owns 99 Pubs. Under the Acquisition Contracts, it has agreed to acquire an additional 34 Pubs.

The Responsible Entity of the Trust is Permanent Investment Management Limited (the "Responsible Entity"), which has extensive experience as a corporate trustee and custodian, and is a professional responsible entity operating numerous schemes (refer to section 5 for more details).

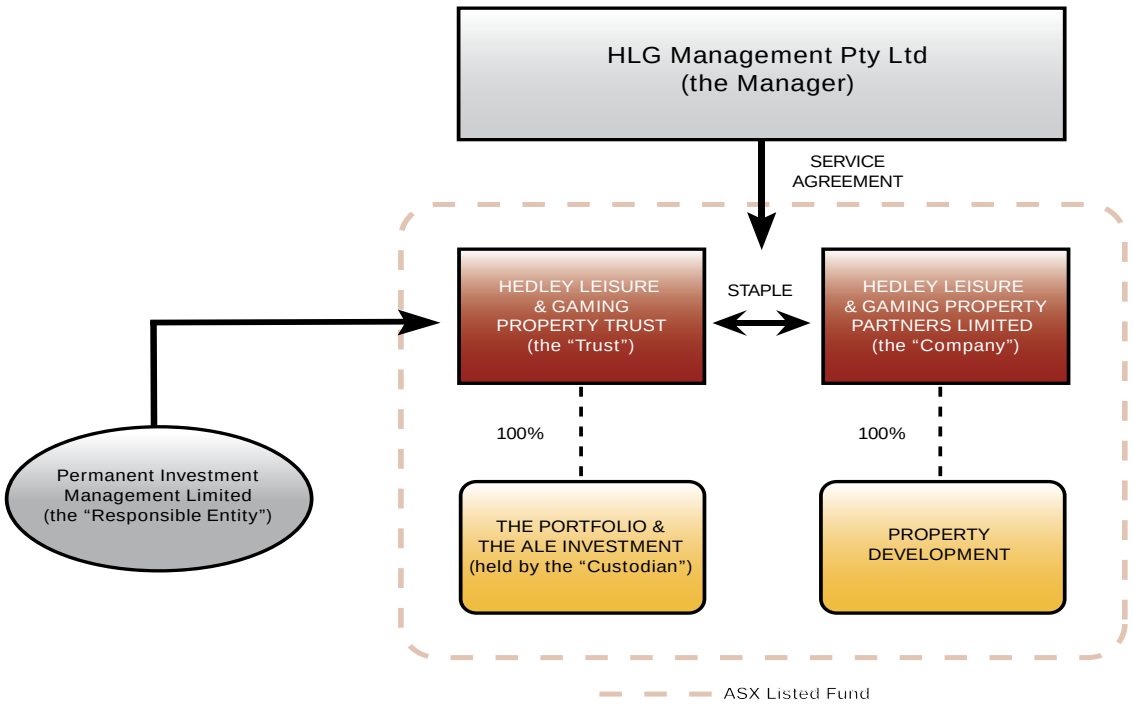
Hedley Leisure & Gaming Property Services Pty Ltd (the "Custodian"), a wholly owned subsidiary of the Company, has been appointed to hold the assets of the Trust.

The Company has been established to undertake any property developments carried out by HLG.

HLG Management Pty Ltd (the "Manager "), a member of the Hedley Group, has been appointed to manage the investments of both the Trust and the Company (including acquisitions). The Manager is not owned by HLG and the Manager will be entitled to certain fees (see section 5.3).

The Directors, as members of the Company's board and the Investment Committee for the Trust, will review investment proposals from the Manager for compliance with the Service Agreements and report to the Responsible Entity.

HLG's structure is diagrammatically set out below.



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2.2 Description of the Offer

The Offer is for 36 million Stapled Securities made under this Offer Document. It comprises 3 million Stapled Securities to be issued to Staff Investors at $3.50 per Stapled Security and 33 million Stapled Securities to be issued to public investors at $3.50 per Stapled Security, to raise $126 million. In addition, the Issuers may accept oversubscriptions of up to 5.7 million Stapled Securities at an issue price of $3.50 per Stapled Security.

The Offer has two components:

1. the Retail Offer comprising:
   - (a) Broker Firm Offer – open to Retail Investors who have received a firm allocation of Stapled Securities from their Broker;
   - (b) Staff Offer – open to Staff Investors; and
   - (c) General Offer – open to any Retail Investor; and
2. the Institutional Offer – open to selected Institutional Investors.

The Issuers and the Underwriters reserve the right to reject any Application or allocate a lesser number of Stapled Securities to an Applicant than applied for. The allocation split between the Retail Offer and the Institutional Offer will be determined at the sole discretion of the Issuer and the Underwriters.

The Issuers reserve the right, in consultation with the Underwriters, to close the Offer early, to extend the Offer, or to cancel or scale back the size of the Offer without notice (in which case excess Application Monies will be refunded without interest).

The Institutional Offer is conditional on the success of the Retail Offer. If the Retail Offer does not proceed, the Institutional Offer will not proceed, unless the Issuers waive this condition.

In connection with the Offer, the Issuers will issue 15.03 million Stapled Securities to some Pub vendors ("Vendor Securities"), in part satisfaction of the purchase price for Pubs under some Acquisition Contracts (see section 12.4).

2.3 Use of Funds

Following Allotment, the Issuers will use the Offer proceeds as detailed in the Table below.

Part payment of purchase prices for the Acquisition Contracts	$ 90.05 million
Stamp duty and costs payable in relation to the Acquisition Contracts	$27.00 million
Costs of the Offer	$6.95 million
Working Capital	$2.00 million
Total	$126.00 million

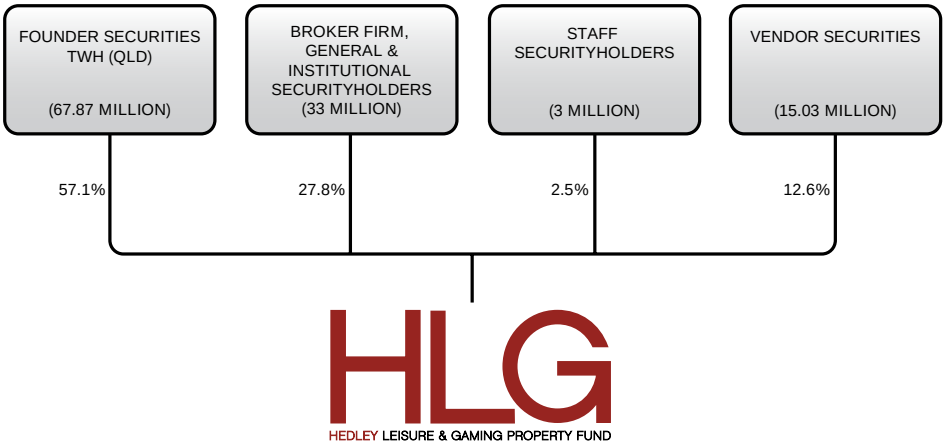
To complete the Acquisition Contracts and refinance existing borrowings, HLG has arranged debt finance facilities totaling $910 million, of which approximately $799 million will be drawn at Completion (see section 8 for details).

The Manager is of the view that there will be enough working capital to carry out HLG's stated objectives.

2.4 Ownership of HLG

HLG is currently owned by TWH (QLD) Pty Ltd ("TWH (QLD)"), a member of the Hedley Group, which holds 67.87 million Stapled Securities ("Founder Securities"). Under two of the Acquisition Contracts, HLG will issue 15.03 million new Stapled Securities to relevant Pub Vendors as part of the consideration.

If no oversubscriptions are accepted, on Completion there will be 118.90 million Stapled Securities held as detailed in the table below.



If oversubscriptions are accepted, the number of Stapled Securities held by Broker Firm, General and Institutional investors will increase, and the percentage ownership of each other category Securityholder will change accordingly.

The Founder Securities held by TWH (QLD) will rank equally in all respects with the Stapled Securities issued under the Offer.

TWH (QLD) is committed to its investment in HLG, and pursuant to the Relationship Deed, these 67.87 million Founder Securities held by TWH (QLD) will be subject to voluntary escrow arrangements for a period of 24 months from Allotment. See Section 12.4.2 for further details of the escrow arrangements pursuant to the Relationship Deed.

The Vendor Securities will not be subject to escrow arrangements.

2.5 How to Apply for Stapled Securities

Applications for Stapled Securities under the Retail Offer may only be made by completing and returning the Application Form. Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

The completed Application Form for the Retail Offer must be accompanied by payment of $3.50 per Stapled Security. The minimum number of Stapled Securities for each Application is 2,000 Stapled Securities and thereafter Applications must be made in multiples of 100 Stapled Securities. Cheques should be crossed "not negotiable" and made payable to "Hedley Leisure & Gaming Property Fund Applications Account".

Cheques must be in Australian currency and drawn on an Australian branch of a financial institution. The completed Application Form and Application Monies must be received by the Registry at the address below by no later than 5.00pm (Sydney time) on Friday, 27th July 2007:

Mailing Address: Hedley Leisure & Gaming Property Fund Offer
C/- Computershare Investor Services Pty Limited
GPO Box 7115
Sydney NSW 2001

Delivery Address: Hedley Leisure & Gaming Property Fund Offer
C/- Computershare Investor Services Pty Limited
Level 2, 60 Carrington Street
Sydney NSW 2000

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2.6 Applications under the Retail Offer

The Retail Offer consists of the Broker Firm Offer, the Staff Offer and the General Offer.

2.6.1 Minimum application amount

The minimum Application under the Retail Offer is 2,000 Stapled Securities and thereafter must be in increments of 100 Stapled Securities.

2.6.2 Applications under the Broker Firm Offer

The Broker Firm Offer is only open to Retail Investors whose Broker has received a firm allocation. Eligibility will be determined by Brokers. All Stapled Securities under the Broker Firm Offer will be issued at $3.50 each.

Broker Firm Applicants must complete and lodge the Application Form attached to or accompanying this Offer Document with their Broker. Application Forms must be completed in accordance with the instructions set out on the reverse of the form.

If you elect to participate in the Broker Firm Offer, your Broker will act as your agent in submitting your Application Form and Application Monies. It will be your Broker's responsibility to ensure that they are submitted before 5pm (Sydney time) on Friday, 27th July 2007. The Issuers take no responsibility for any acts or omissions by your Broker in connection with your Application.

2.6.3 Applications under the Staff Offer

The Staff Offer is only open to eligible to Staff Investors. Eligibility will be determined by the Issuers. All Stapled Securities under the Staff Offer will be issued at $3.50 each.

Staff Offer Applicants must complete and lodge the Application Form attached to or accompanying this Offer Document. Application Forms must be completed in accordance with the instructions set out on the reverse of the form.

2.6.4 Applications Under the General Offer

The General Offer is available to any Retail Investor. All Stapled Securities under the General Offer will be issued at $3.50 each.

General Offer Applicants must complete and lodge the General Offer Application Form attached to or accompanying this Offer Document. Application Forms must be completed in accordance with the instructions set out on the reverse of the form.

2.6.5 Close Date for the Retail Offer

The Retail Offer closes at 5pm (Sydney time) on Friday, 27th July 2007. The Issuers reserve, in consultation with the Underwriters, the right to alter the timetable, including extending the Close Date or closing the Retail Offer early, or accepting late Applications either generally or in particular cases.

2.6.6 Acceptance or Rejection of Applications

An Application under the Retail Offer is an offer by the Applicant to the Issuers to subscribe for all or any of the Stapled Securities specified in the Application Form on the terms and conditions set out in this Offer Document (including any supplementary or replacement offer document) and the Application Form. To the extent permitted by law, the offer by an Applicant is irrevocable.

The Issuers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe may be an ineligible Applicant or to waive or correct any errors made by the Applicant in completing any Application Form.

2.6.7 Allocation policy under the Broker Firm Offer

Stapled Securities which have been allocated to Brokers for allocation to Retail Investors who are their clients will be issued to Broker Firm Applicants nominated by those Brokers. It will be a matter for the Brokers as to how they allocate Stapled Securities among the Retail Investors who are their clients, and Brokers (and not the Issuers or the Underwriters) will be responsible for ensuring that Retail Investors who may have received a firm allocation from them receive the relevant Stapled Securities.

The Issuers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person.

The Issuers reserve the right to treat any Application under the Broker Firm Offer which is for more than 100,000 Stapled Securities, or which are from persons whom they believe may be Institutional Investors, as applications in the Institutional Offer, or to reject them.

2.6.8 Allocation policy under the Staff Offer and the General Offer

Allocations of Stapled Securities to Staff Offer Applicants or General Offer Applicants will be determined by the Issuers and the Underwriters at their discretion. The Issuers and the Underwriters reserve the right to reject any Application or to allocate a lesser number of Stapled Securities to such an Applicant than what such Applicant applied for. There can be no assurance that such an Applicant will receive all or any of the Stapled Securities for which such Applicant has applied.

2.7 Institutional Offer

The Institutional Offer is open to selected Institutional Investors in Australia at $3.50 per Stapled Security.

Application procedures for Institutional Investors will be advised by the Underwriters.

The allocation of Stapled Securities amongst bidders in the Institutional Offer will be determined by the Issuers and the Underwriters, in their absolute discretion. There can be no assurance that any Institutional Investor will receive all or any of the Stapled Securities for which the Institutional Investor has applied.

2.8 Oversubscriptions

The Issuers may accept oversubscriptions of up to an additional 5.7 million Stapled Securities at an issue price of $3.50 per Stapled Security.

It is expected that acceptance of oversubscriptions will not have any impact on the Distributions per Stapled Security that will be paid to Securityholders during the Forecast Period, as TWH (QLD) will increase its participation in the DRP to offset the impact of oversubscriptions if required.

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2.9 Underwriting Agreement

The Broker Firm Offer, the Institutional Offer and the General Offer are fully underwritten by the Underwriters, ANZ Securities Limited and ABN AMRO Morgans, pursuant to the Underwriting Agreement. The Staff Offer of 3 million Stapled Securities is not underwritten.

The Underwriting Agreement contains certain conditions and termination events. A summary of the Underwriting Agreement is set out in section 12.9. If that agreement is terminated and subscriptions are not received to satisfy ASX minimum spread requirements, Application Monies will be refunded without interest.

Allocations will be at the discretion of the Underwriters after consultation with the Issuers.

2.10 Handling of Application Monies

Pending the issue of Stapled Securities, Application Monies will, from the time of receipt by the Issuers, be held in an account that complies with the requirements of the Corporations Act. Any interest earned on Application Monies during the period between their deposit and allocation of Stapled Securities will be paid to HLG. If the Offer does not proceed, any interest earned on the Application Monies during the period between their deposit and the return of funds to Applicants will be retained by the Issuers and used to meet part of the costs of the Offer.

Where no Allotment is made, or where the number of Stapled Securities Allotted is fewer than the number applied for, the surplus Application Monies will be refunded to the relevant Applicant, without interest, as soon as practicable after the Close Date. Statements of Holdings will be forwarded to Securityholders as soon as practicable after the Allotment Date.

2.11 Superannuation Investors

Investment in HLG is open to superannuation funds. Superannuation entities should obtain their own professional advice and exercise their own skill and care in determining whether an investment in HLG is appropriate or permissible for the relevant superannuation entity.

2.12 No Cooling Off Period

Applicants should note that because an application will be made to the ASX for listing of HLG and quotation of the Stapled Securities, there will not be a cooling off period in relation to Applications. Consequently, by submitting payment, Applicants will be deemed to have applied for the number of Stapled Securities for which payment is made.

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Stapled Securities be granted by ASX, Holders will have the opportunity to sell their Stapled Securities at the prevailing market price, which may be different to the Issue Price.

2.13 Trading of Stapled Securities on ASX

Within seven days after the date of this Offer Document, application will be made to ASX for HLG to be admitted to the Official List and for quotation of the Stapled Securities under the code HLG. It is expected that, subject to approval of ASX, trading of Stapled Securities will commence on or about Thursday 2nd August 2007 initially on a conditional and deferred settlement basis (see section 2.14 below).

ASX takes no responsibility for this Offer Document or the investment to which it relates. Admission to the Official List of ASX and quotation of Stapled Securities is not to be taken as an endorsement by ASX of HLG or an investment in Stapled Securities.

Investors should note that, in addition to its general rights to remove HLG from the Official List, ASX may reserve the right to remove HLG from the Official List if:

- any of the securities comprising the Stapled Securities cease to be stapled to the other securities;
- the Trust issues Units that are not stapled to Shares; or
- the Company issues Shares that are not stapled to Units.

2.14 ASX admission and quotation

Trading on ASX will initially be on a conditional and deferred settlement basis and is expected to commence on or about Thursday 2nd August 2007. Any acceptance of Applications under the Offer is conditional on satisfaction of the conditions ("Conditions") set out below:

- ASX quoting the Stapled Securities on ASX;
- satisfactory approvals having been received from the ASX as contemplated in this Offer Document;
- the Quotation Condition having first been satisfied; and
- there being transferred out of the Trust any assets which are not set out in section 7 (Valuers Report) or are not part of the ALE Investment.

Trades occurring on the ASX before the Conditions have been satisfied will be conditional upon the Conditions being satisfied.

Trading on a conditional settlement basis will continue until the Issuers have advised ASX that the Conditions have been satisfied which is expected to be on Friday 3rd August 2007. Trading on ASX will then be on an unconditional but deferred settlement basis until the Issuers have advised the ASX that initial holding statements have been dispatched to Holders (expected to be on Monday 6th August 2007). Trading on ASX on a normal settlement basis is then expected to commence on Tuesday 7th August 2007.

If the Conditions are not satisfied within 14 days (or such longer period as agreed to with ASX) after the day on which the Stapled Securities are first quoted on ASX:

- the Offer and all contracts formed on acceptance of Applications under the Offer (being conditional) will be cancelled and of no further effect. Application Monies will be refunded (without interest); and
- all purchases and sales of Stapled Securities made on ASX during the conditional period will be cancelled and of no effect.

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Following the issue of Stapled Securities under the Offer (expected to occur on or about Friday 3rd August 2007, the Issuers will send successful Applicants a holding statement detailing the number of Stapled Securities issued to them under the Offer. It is expected that holding statements will be dispatched on or about Monday 6th August 2007. It is the responsibility of Applicants to confirm their allocation of Stapled Securities prior to trading in Stapled Securities. Applicants who sell Stapled Securities before they receive their holding statements do so at their own risk. Refer to section 2.15 below for details of the announcement of the allocation of Stapled Securities under the Offer.

2.15 Announcement of allocations

The Issuers expect to announce the final allocation of Stapled Securities under the Offer (including oversubscriptions) on or about Friday 3rd August 2007. This information will be advertised in The Australian newspaper and other national and major metropolitan newspapers on or about the same date. Applicants will also be able to call the Offer information line on 1800 208 106 (Sydney time) from Friday 3rd August 2007 to confirm their allocations.

2.16 CHESS

The Issuers will apply to participate in CHESS, in accordance with the ASX Listing Rules and the ASTC Settlement Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

When Stapled Securities become CHESS approved securities, Holdings will be registered in one of two subregisters, the CHESS subregister or an issuer sponsored subregister. The Stapled Securities of a Holder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS subregister. The Stapled Securities of other securityholders will be held on the issuer sponsored subregister.

Following Allotment, securityholders will be sent an initial statement of holding that sets out the number of Stapled Securities that have been allotted to them. This statement will also provide details of a holder identification number or, where applicable, the holder reference number for securityholders whose Stapled Securities are held on the issue sponsored subregister. Securityholders will subsequently receive statements showing any changes to their holding of Stapled Securities. Certificates will not be issued for Stapled Securities.

2.17 Brokerage, Commission and Stamp Duty

No brokerage, commission or stamp duty is payable by Applicants who apply for Stapled Securities using an Application Form.

Investors who buy or sell Stapled Securities on ASX may be subject to brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Stapled Securities on ASX.

2.18 Taxation

A summary of Australian income tax matters in relation to an investment in HLG is set out in section 11.

However, the taxation consequences of any investment in Stapled Securities will depend on your particular circumstances. It is your responsibility, as a potential investor, to make your own enquiries concerning the taxation consequences of an investment in HLG. If you are in doubt as to the course you should follow, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before applying for Stapled Securities.

2.19 Foreign selling restrictions

No action has been taken to register or qualify the Stapled Securities or this Offer, or otherwise to permit a public offering of the Stapled Securities in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where such an offer or invitation would be unlawful.

The Stapled Securities have not been, and will not be, registered under the US Securities Act 1933 (US Securities Act), and may not be offered or sold in the United States of America or to, or for the account or benefit of, a US Person (as defined in Regulation S of the US Securities Act) except under an exemption from the registration requirements of the US Securities Act and applicable securities laws of one of the United States of America or in a transaction that is not subject to such registration requirements.

Each Applicant in the Retail Offer will be taken to have represented, or warranted and agreed as follows:

- the Applicant is an Australian citizen or resident in Australia and is not acting for the account or benefit of a US Person or any other foreign person (unless the Issuers otherwise permit in particular cases); and
- the Applicant will not offer to sell the Stapled Securities in the United States of America or in any other jurisdiction outside Australia, except in transactions exempt from or not subject to the registration requirements of the US Securities Act and applicable securities laws of one of the United States of America and in compliance with all applicable laws in the jurisdiction in which such Stapled Securities are offered and sold.

2.20 Electronic offer document

This Offer Document may be viewed on-line by eligible persons at www.hlg.com.au.

Persons who receive the electronic version of this Offer Document should ensure they download and read the entire Offer Document. The Offer is only available to persons receiving the electronic version of this Offer Document within Australia and is not open to persons receiving an electronic copy of this Offer Document outside Australia. The Offer is not open to US Persons (unless the Issuers otherwise permit in particular cases). Refer to section 2.19 for applicable selling restrictions.

A printed copy of this Offer Document will be provided free of charge to any person who requests a copy by contacting Computershare on 1800 208 106, by mail or in person, during the period of the Offer. The information on www.hlg.com.au is not part of this Offer Document. A person must not pass on an Application Form to another person unless it is attached to a printed copy, or a complete and unaltered electronic version, of this Offer Document.

2.21 Enquiries

If you have enquiries or questions about this Offer Document or the Offer you should call the Hedley Leisure & Gaming Property Fund Stapled Securities Offer Information Line on 1800 208 106.

If you are unclear in relation to any matter or are uncertain as to whether HLG is a suitable investment, you should seek professional advice from your accountant, financial adviser, lawyer or other professional adviser.

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Overview of HLG



SECTION 03

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3.1 Background

HLG has been founded by the Hedley Group which, in the period between 1992 and 2006, assembled, both through acquisition and development, a portfolio of 36 Pubs and 75 bottle shops with annual turnover in excess of $750 million and 2,500 employees. The Hedley Group acted as both the freehold owner and the business operator of this portfolio.

In June 2006, the Hedley Group sold its Pub and liquor business to Coles, and the Trust retained the freeholds of 28 Pubs and 14 bottle shops.

The Hedley Group has retained key staff from the Pub and liquor business and has continued to own, develop and operate Pubs. Through Hedz, the Hedley Group is the operator of 7 Pubs whose freeholds are owned by the Trust (with contracts to acquire an additional 4 Pub businesses, whose freeholds will be owned by the Trust, see section 3.5 for more details).

The Trust has since acquired further Pubs leased to Coles and NLG, in establishing the current Portfolio of 52 Pub, 15 bottle shops and ancillary retail freeholds. HLG has entered into Acquisition Contracts to further expand the Portfolio by acquiring 34 Pubs which will be leased to Coles, NLG and Hedz.

HLG Management Pty Ltd (the "Manager"), a member of the Hedley Group, but not part of HLG, has been appointed to manage HLG. For further information on the Manager see section 5.3.

3.2 Strategy of Manager

The Manager's objective is to provide a stable distribution yield to investors, with the potential for capital growth.

The Manager's strategy is for HLG to continue to invest in the Pub freehold sector which it considers to be attractive for the following key reasons:

- regulatory controls over the issue of new liquor and gaming licenses create a barrier to entry against additional Pubs, which has the effect of protecting the goodwill of the Pub's tenants and value of the Pub freeholds;
- revenue of Pub tenants has been exhibiting strong growth, particularly in the areas of gaming and wagering, and the Manager expects it to continue to do so;
- the sector is highly fragmented, with the top 6 freehold owners having only 6.7% of the total Pub freeholds in Australia (see section 4); and
- high quality tenants have shown a willingness to enter long term leases on attractive terms and with annual rental increases.

The Manager recognises that Electronic Gaming Machines ("EGMs") represent a substantial source of turnover for Pub tenants, having grown to contribute 28% of turnover for operators in the Pub sector, and a large percentage of their profit (see section 4 for more detail).

Pubs with EGMs generally attract higher levels of patronage and turnover. Accordingly, Pubs with EGMs generally are more attractive investments and have a less volatile earnings profile.

Through the Manager, HLG will have the benefit of the extensive experience, and network of the Hedley Group network, in sourcing Pub freehold acquisition opportunities. HLG has entered into a Relationship Deed with key members of the Hedley Group under which it will have first right of refusal over new Pub ownership opportunities (see Section 12.4 for details of the Relationship Deed).

The Manager will actively seek to expand the Portfolio by having HLG acquire additional Pubs in accordance with the Manager's investment criteria set out in section 3.3 below. It has identified Coles, NLG and Hedz as potential tenants for additional Pubs, as each have shown a willingness to acquire Pub operating businesses.

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3.3 Investment Criteria

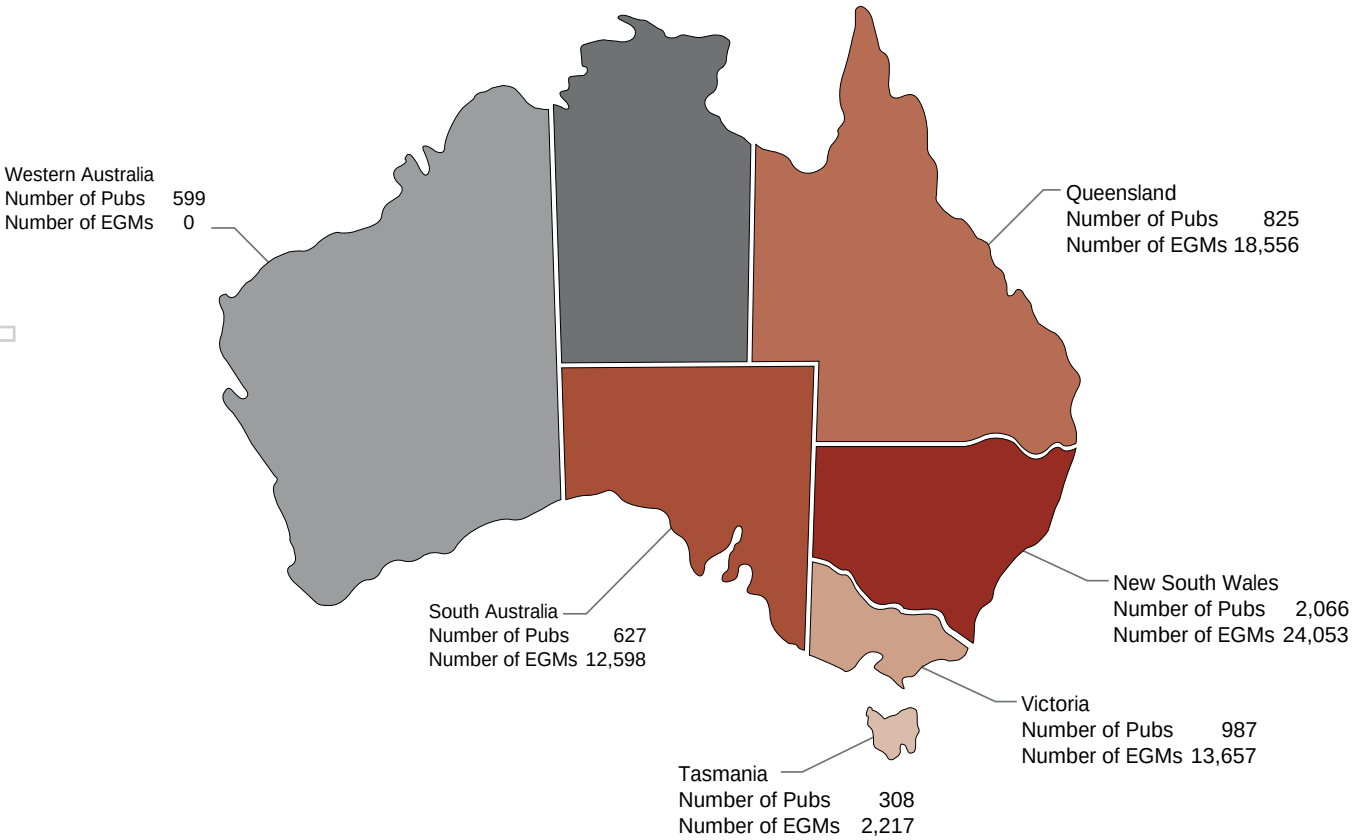
In assessing Pub freehold acquisition opportunities for HLG, the Manager has established the following investment criteria:

- the Pub must be in good condition, and located in a key regional or metropolitan location with potential for long term growth;
- the Pub must be leased to experienced tenants who are preferably multiple site operators, with sound financial capacity;
- the lease terms should wherever possible ensure that the tenant is responsible for all outgoings (except land tax in Queensland) and property maintenance (preferably with tenant also responsible for structural repairs);
- the lease terms must incorporate annual rental increases above expected CPI increases; and
- the liquor and gaming licenses must be able to be owned by or transferable at the direction of HLG.

The Manager believes that additional Pub acquisition opportunities are available, because, as described to in section 4:

- the Pub freehold sector is currently highly fragmented, but is undergoing a period of corporatisation and consolidation; and
- some of the largest Pub operators are seeking to acquire additional tenancies in the more populated regional and metropolitan markets in Australia.

There are over 5,400 Pubs across Australia (see map below), with only 6.7% held by the 6 largest freehold owners (by number). The Manager is confident, that a large number of these Pubs will meet HLG's investment criteria.



Source: BDO Pub Industry Report (see section 4)

3.4 Overview of the Portfolio

The Portfolio currently comprises 52 Pub, 15 bottle shop and ancillary retail freeholds. Other assets are in the course of being transferred out of the Trust (see section 2.14). An additional 34 Pubs will be owned on Completion pursuant to the Acquisition Contracts described in section 3.4.2.

3.4.1 The current Portfolio

The Portfolio currently includes 52 Pub freeholds independently valued at $536.18 million (principally leased to Coles and NLG), as particularised in the table below.

Tenant	Number	Location	Valuation ($ million)	Remaining Lease term[1]	EGM Licences
Coles	36	QLD	350.83	14 years	1,246
NLG	10	NSW	134.10	30 years	196
Hedz	6	NSW	51.28	30 years	159
Total	52		536.21		1,601

[1] Excluding exercise of options to renew

In addition, HLG owns 15 bottle shops valued at $8.54 million, and ancillary retail freeholds valued at $25.26 million.

3.4.2 Acquisition Contracts

HLG has entered into Acquisition Contracts (see section 12.3) to acquire 34 Pub freeholds by Completion with a combined acquisition cost of $517.92 million (inclusive of stamp duty and transaction costs). It is expected that Completion will occur by 31 August 2007. These Acquisition Contracts are outlined below:

Vendor	Number of Pubs	Location	Cost[1] ($ million)	Initial Lease term	Tenant	EGM Licences[2]
Iris	9	NSW	190.33	15 years	NLG	240
GAM	7	NSW	118.15	15 years	NLG	180
Coles	5	QLD	61.95	15 years	Coles	200
Individual Vendors	4	NSW	56.51	15 years	NLG	88
Club Hotels Group	5	SA	47.54	15 years	Coles	163
Individual Vendors	4	NSW, QLD, Vic	43.44	30 years	Hedz	175
Total	34		517.92			1,046

1 Inclusive of stamp duty and transaction costs. See section 6.4 which describes a fair value adjustment for the 34 Pubs

2 Held by tenants of HLG, but controlled by HLG at end of leases

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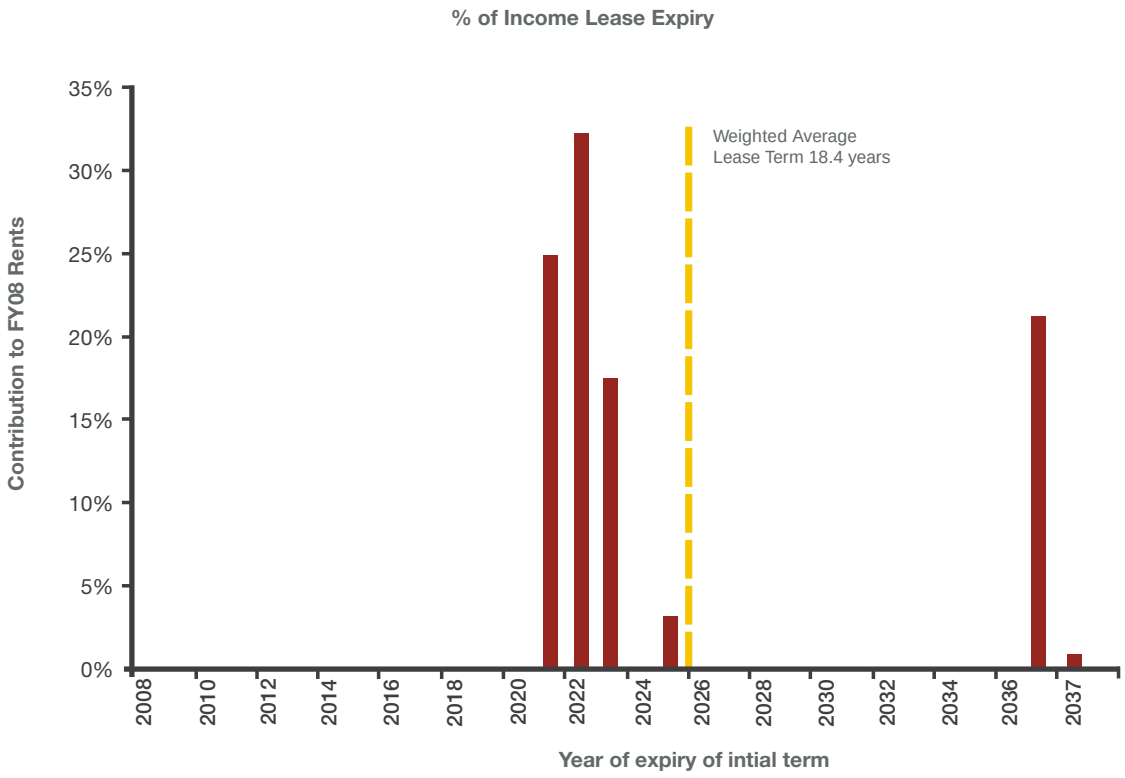
3.4.3 The Portfolio on Completion

On Completion, HLG will hold 86 Pub, 15 bottle shop, and ancillary retail freeholds which are recorded in HLG's balance sheet at a fair value of $1.06 billion, on an individual property basis (see section 6.4).

The Valuation Report in Section 7 contains relevant details and valuations in relation to each property in the Portfolio. That report also includes a whole of portfolio valuation of $1.12 billion which is $55 million higher than the recorded fair value in HLG's balance sheet. This equates to 46 cents per Stapled Security, assuming 118.90 million Stapled Securities on issue (see section 2.4).

Lease expiry profile by income

The following graph shows the Weighted Average Lease Term for the Pubs in the Portfolio at Completion of 18.4 years.



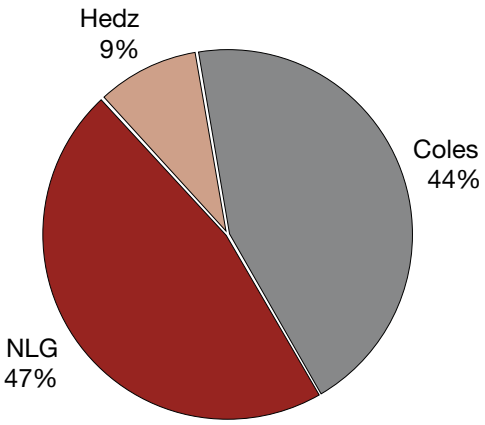
The standard lease terms are particularised in the table below (also see section 12.2).

Tenant	Initial Lease Term	Options	Total lease terms
Coles	15 years	5x5 years	40 years
NLG	15 years	2x10 years	35 years
Grant Samuel Pub Operations (now owned by NLG)	30 years	2x15 years	60 years
Hedz	30 years	2x15 years	60 years

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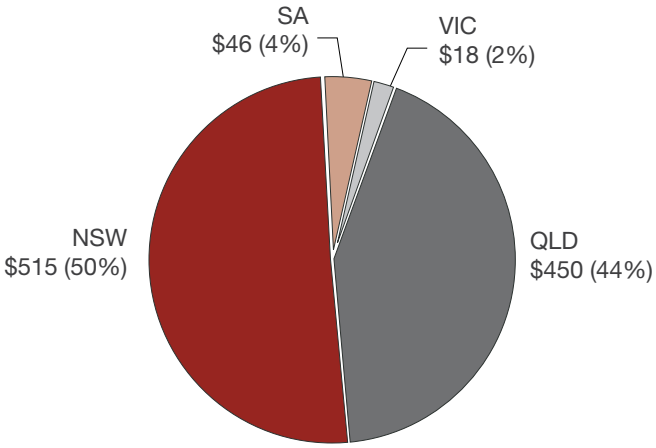
Contribution to Pub Rent by Tenant

The following chart shows the proportionate rental contribution to the Portfolio from Pubs by tenant, with Coles at 44% NLG at 47% and Hedz at 9%.



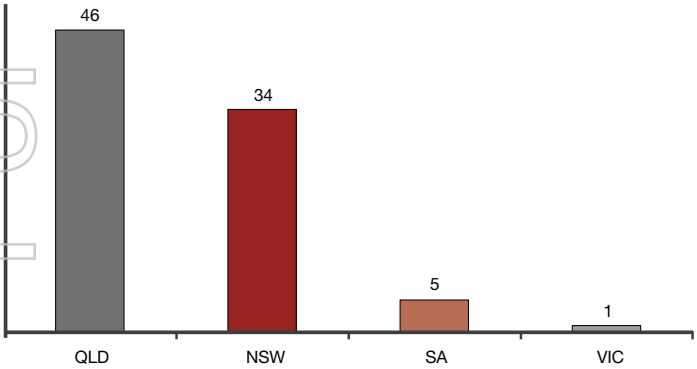
Location of Pubs by Value (millions)

The following chart shows the value of the Pubs in the Portfolio by state. The higher proportion of the Pubs by value are located in NSW at 50%, compared with Queensland at 43%.



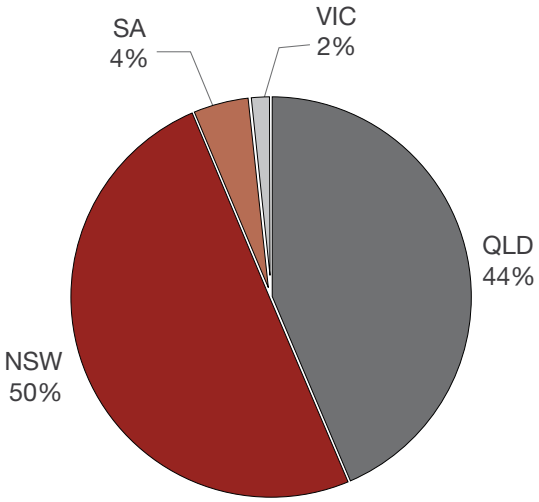
Location of Pubs by Number

The following graph shows the number of Pubs in the Portfolio by state. The majority are located in Queensland at 53% and NSW at 40%, with six Pubs in Victoria and South Australia. In addition, there are 15 bottle shops, all of which are located in Queensland.



Contribution to Pub Rent by State

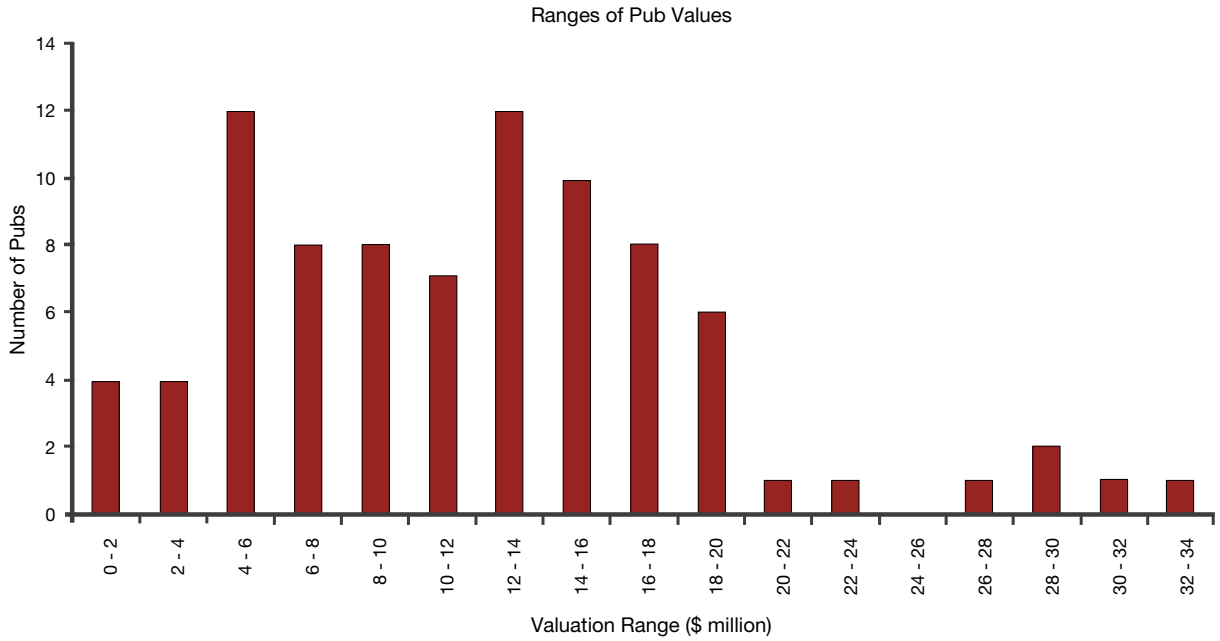
The following chart shows the rental contribution of the Pubs in the Portfolio by state. Over 90% of this rental income will be derived from Queensland and New South Wales.



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Range of Pub property values

The following graph shows the range of Pub values in the Portfolio (as described in section 7). The majority of the Pubs are valued at between $6 million and $16 million each.



Condition of Pub Portfolio

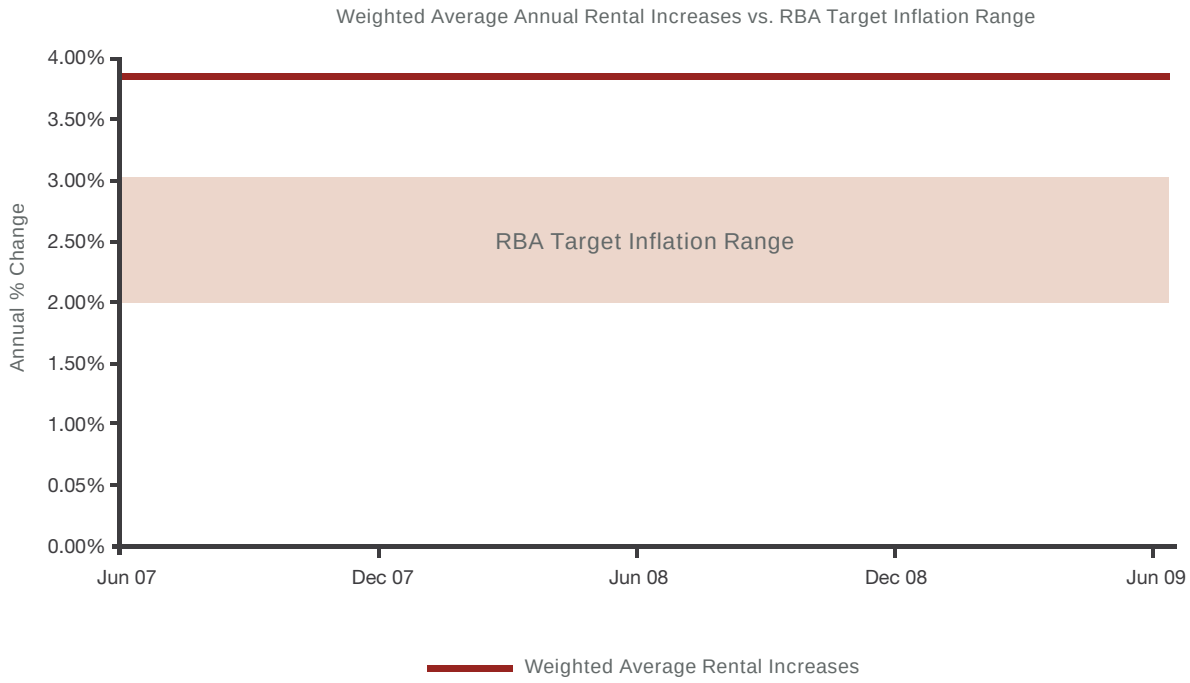
The Valuation Report in section 7 describes the Portfolio as being in good structural condition with Pubs having been well maintained. A number have been recently refurbished to a high standard and are considered by the Valuer to be well presented. For more detail refer to section 7.

3.5 Overview of leases and tenants

The tenants of the Pubs and bottle shops in the Portfolio are Coles, NLG (including Grant Samuel Pub Operations) and Hedz, each of which operate under standard lease agreements (see section 12.2).

The tenants are responsible for all outgoings and property maintenance (except for Coles where HLG does not recover replacement of minor plant and electrical items), and land tax in Queensland which is non recoverable from the tenant. At the end of the lease, the liquor and electronic gaming licences (which are the key assets for operation of the leasehold business), are owned by or transferable at the direction of HLG. This is expected to provide, at the end of the lease term, continuity of tenancy and an opportunity for additional HLG revenue.

The Weighted Average Annual Rental Increase for leases of the Portfolio at Completion is 3.8%, which exceeds the Reserve Bank of Australia's target inflation range of 2% to 3% per annum as shown in the following graph.



All of the tenants have significant experience in operating Pubs (including licensed liquor and gaming venues).

Coles

Coles is an ASX listed Australian retailer operating in excess of 735 pub and retail liquor premises throughout Australia under several brands including:

- Vintage Cellars;
- Liquorland;
- Theo's; and
- 1st Choice Liquor.

Coles has recently acquired several groups of Pubs to significantly grow its network of retail outlets for liquor.

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NLG

NLG is an ASX listed group which operates and has entered into contracts to operate a total of 32 pubs in NSW and Queensland. NLG's current portfolio comprises quality hotels that are geographically diversified, and a balance of gaming, on-premises, and retail revenues.

NLG has acquired Grant Samuel Pub Operations and the expanded management team consists of professional hoteliers including Andrew Joliffe, Stuart Laundy and Craig Laundy who have extensive industry experience and relationships.

NLG has recently advised its shareholders that:

- NLG's specialist expertise will be applied to the key revenue areas of gaming, bars, food and retail liquor in newly acquired Pubs; and
- Pub operating processes and back-of-house have been standardised and compliance programs introduced to ensure appropriate risk management and operating efficiencies.

Hedz

Hedz is the pub and liquor operating division of the Hedley Group. The Hedley Group, has extensive experience in identifying, acquiring and operating quality Pub and retail liquor businesses. This experience includes developing and improving underutilised Pubs.

3.6 ALE Investment

HLG has a 21.3% investment in ALE, a listed Pub group with a market capitalisation of approximately $400 million. ALE owns 99 Pubs in Australia operated by Bruandwo Pty Ltd (in which Woolworths has a 75% interest). HLG's intention, at the recommendation of the Manager is to retain the ALE Investment as a strategic investment which is expected to indirectly contribute to HLG's income diversification.

3.7 Surplus Land and Development Deed

There are 17 Pubs in the Portfolio with surplus land that is not leased to the relevant tenant. This surplus land is held by HLG at nil value.

HLG has entered into a development deed with TWH (QLD) under which TWH (QLD) pays all carrying costs and has the right to pursue development opportunities on the surplus land (see section 12.6). HLG does not bear any development risk in relation to such developments.

If the surplus land is developed to become premises available for letting by HLG, a valuation will be undertaken, and TWH (QLD) paid a fee equivalent to the valuation of the development which will be paid by HLG in either Stapled Securities or cash.

It is acknowledged that six of the Properties with Surplus Land have Pubs which are leased to Hedz and would benefit from redevelopment ("Pub Improvement"). If the Developer undertakes a Pub Improvement a valuation will be made at the date when Hedz occupies the new facilities. The valuation will set an appropriate new rent for the Pub that will be used to determine the increase in the capitalised value of the Pub.

For the purposes of developing the Forecasts, no development of Surplus Land or any Pub Improvement during the Forecast Period has been assumed.

3.8 Distributions

As HLG's investments comprise primarily Pub freehold assets with long term leases that have annual rental reviews, Distributions to Investors are to come from:

- available net cash receipts from operations (see sections 6.2 and 6.3); and
- returns of capital following a revaluation of the Portfolio (which will be determined on a regular basis by a licensed valuer or by the Manager and the Investment Committee), and drawdown of additional debt.

In addition, HLG may earn profits from land developments. It is not expected that these activities will give rise to any returns during the Forecast Period.

During the Forecast Period, the Manager recommends that HLG pay Distributions for each half year period ending 31 December and 30 June, with the first Distribution payable for the half year period ended 31 December 2007.

HLG based on the recommendations of the Manager is forecasting a pre-tax distribution yield at the Offer Price of 7.75% for the year to 30 June 2008, and 8.00% for the year to 30 June 2009 (see section 6.3 for details).

Investors should note that the Forecast Yields are estimates of the financial performance of HLG based on the key forecast assumptions described in section 6.6, based on the best estimates and that no guarantees are given that the Forecast Yields will be achieved. Also, investing in Pubs has certain risks, some of which are set out in section 9 and the actual financial performance of HLG will be influenced by many factors, some of which are beyond the control of HLG.

As one of the assumptions for the Forecast Yield is that there will be no revaluations of the Portfolio during the Forecast Period, the Forecast Yield will include returns of capital following:

- TWH (QLD) participating in the DRP for up to 71% of the distributions entitled to it from the Founder Securities (see section 12.4.3); and
- the Manager receiving Stapled Securities, rather than cash, for its management fees (see section 5.3).

For periods after 30 June 2009, Distributions will be based on the operating performance and valuation of the Portfolio, along with HLG's ability to raise additional debt. Distributions paid after the Forecast Period have not been predicted, and the Forecast Yield is not to be regarded as a forecast of those Distributions.

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Industry Report

SECTION 04

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AFS Licence No. 244345

22 June 2007

The Directors
Hedley Leisure & Gaming Property Partners Limited &
Permanent Investment Management Limited
as responsible entity of
Hedley Leisure & Gaming Property Trust
69 Aumuller Street
CAIRNS QLD 4870

Dear Sirs

AUSTRALIAN PUB INDUSTRY OVERVIEW REPORT

1 INTRODUCTION AND SCOPE

This report ("**Report**") has been prepared at the request of the Hedley Leisure & Gaming Property Partners Limited and Permanent Investment Management Limited *as responsible entity of* Hedley Leisure & Gaming Property Trust. The scope and purpose of this report is to provide an independent overview of the Pubs and Hotel Industry within Australia (the "**Industry**").

This Report is based on factual information available at the date of the Report. Reference should be made to our disclaimers and consents set out in Section 9 in this Report.

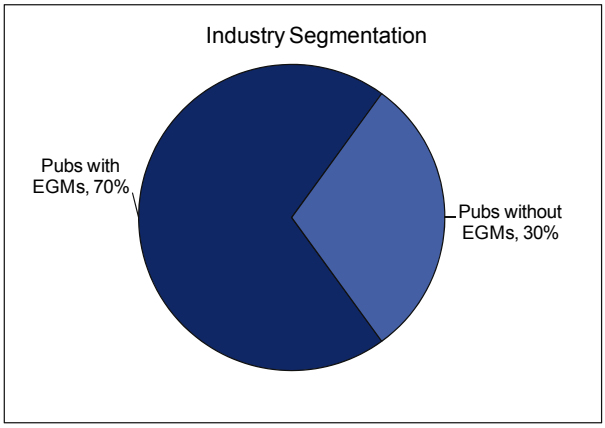
2 GENERAL OVERVIEW

There are over 5,400 licensed hotels, taverns and bars excluding clubs such as RSL's and casinos (collectively called "**Pubs**") within Australia. The Pubs Industry accounted for 9.0% of total discretionary retail spending for the year to December 2006. IBIS World estimates total revenue for the Industry for the 2006/07 financial year will be around $12.2 billion.

There has been a significant increase in demand and Industry revenue associated with gaming and wagering activities in Pubs. As a result of the license fees, and gaming taxes for electronic gaming machines ("**EGMs**") the Pubs Industry has become segmented into Pubs with EGMs and those without (considered the more traditional Pubs). The current segmentation within the Industry is shown below.

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Source: IBIS World

Over recent years there has been an increased focus by larger corporate groups and Industry leaders to corporatise/institutionalise the sector. An objective of consolidation of pub assets is to attract customers with consistent branding, high service quality and systems. Also a significant success factor of these major hotel groups has been the ability to link their gaming and wagering activities across multiple sites thereby increasing prize pools and attracting higher patronage.

This approach has seen the demand for investment in the Industry increase. This has also been supported by some financial lenders willing to lend at loan to value ratios of around 75% compared to 50% levels offered historically. This change has been attributed to, in part, the perception of the fundamentals of the Industry especially of gaming income, now considered to be a more reliable income streams reducing the volatility of operator earnings.

Changing legislation impacting gaming activities and smoking bans will continue to impact on the Industry. Those Pubs who have already undertaken or commenced alterations and variations to their premises format to address "smoking bans" are likely to benefit through better retention of existing trade then those who have not.

Some of the key attributes and factors currently influencing the Industry are set out in the following sections.

3 MARKET OUTLOOK

The Pubs Industry has recorded levels of sales over the past 12 months with the "corporatisation" and "consolidation" activity changing the shape of the of the sector. This activity has been encouraged by several indicators such as continued low interest rates and current lower net returns for other property assets compared with perceived cash flow benefits from Pubs asset ownership.

It is considered that changes in the legislative environment regarding gaming activities has assisted in lowering the degree of uncertainty in this aspect of the Industry.

One of the key challenges for the Industry over 2008 will be sustaining revenue levels subsequent to the introduction of state based anti-smoking legislation. However, the outlook for the Industry remains positive especially for those participants with EGM operations and a portfolio of Pubs which can achieve economies of scale.

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4 GEOGRAPHIC DISTRIBUTION

Pubs are generally located around populated urban centres, with the Industry concentrated predominately on the Eastern seaboard.

State	No. of Pubs	Pubs with EGMs	EGMs
New South Wales	2,066	1,789	24,053
Victoria	987	521	13,657
Queensland	825	770	18,556
South Australia	627	587	12,598
Western Australia	599	-	-
Tasmania	308	94	2,217
Total Australia[1]	**5,412**	**3,761**	**71,081**

Source: CB Richard Ellis Market View – First Quarter 2007

Note: 1. Due to the lack of complete data for the Northern Territory and ACT regions these have been excluded from the above table.

The New South Wales market has experienced significant growth in demand for assets over recent years. Larger corporates and investment vehicles have targeted Pubs/hotels with significant gaming revenue or redevelopment potential. Similarly in the Victorian market freehold owners have been attempting to increase their portfolio of assets to take advantage of operational synergies such as cost savings and branding.

The Queensland pub market has experienced the strongest growth in Australia over recent times. Again in Queensland, strong demand for Pubs with gaming operations and/or redevelopment opportunities has resulted in increased sales activity.

The other geographic regions are following similar trends.

5 OWNERSHIP DISTRIBUTION OF FREEHOLD PUB INTERESTS

The Industry is highly fragmented in terms of ownership of freehold interests. However, there have been a number of high profile consolidations in recent years with a number of corporate/investment vehicles established to take advantage of the beginning of institutionalisation of large portfolios of pub assets.

A summary of the estimated freehold current ownership concentration of Pub assets across Australia is shown below.

Freehold Owner	No. of Pubs	% of Australian Market
ALE	99	1.8%
Bruandwo (previously ALH)	92	1.7%
HLG	86	1.6%
Laundy	41	0.8%
ING Real Estate Entertainment Fund	29	0.5%
W&W Hotels	17	0.3%
	364	**6.7%**

Source: BDO Research includes completed Pub assets only not properties still under development.

As shown above despite the recent consolidation activity in the Industry, approximately 93% of the Industry remains owned by small business operators with the largest corporate freehold owner accounting for only 1.8% of the market.

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With the continued strong yields being generated from the sector, and only a small portion of the overall market captured by larger groups, there is significant opportunity for further consolidation within the Industry.

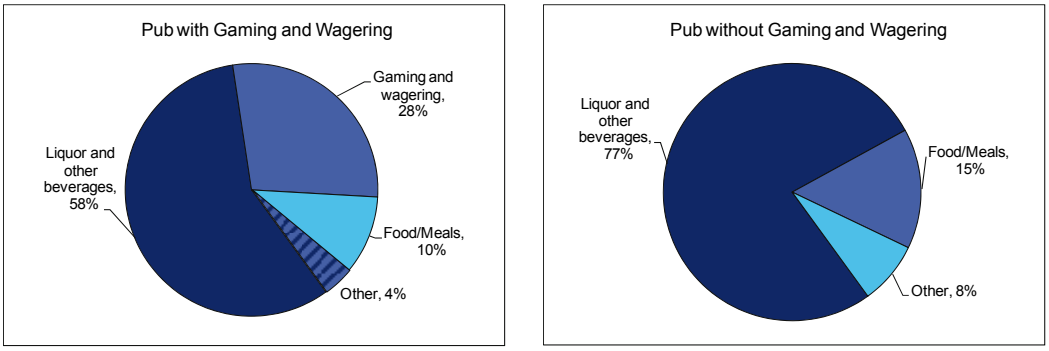
6 CORE REVENUE DRIVERS

The core attributes of the Industry are as follows.

ON PREMISES					OFF PREMISE
Bars On premise consumption of liquor	**Food** Pub, restaurant or bistro-style meals	**Gaming and wagering** EGMs, TAB and/or Keno	**Entertainment** Live music and/or a nightclub atmosphere	**Accommodation** Low cost two or three star rooms	**Retail Liquor** Liquor for off-premise consumption

The size and mix of the business will be influenced primarily by its location, demographics and management. Liquor sales and gaming & wagering account for the majority of revenue in the Industry. The typical split of revenues for Pubs with and without gaming and wagering is shown overleaf.

Operators Revenue Split



Source: ABS 2006 Report (Based on financial year ended 30 June 2005)

Whilst gaming and wagering typically account for a lower portion of revenue than liquor sales, gaming and wagering activities generate significant margins and therefore contribute materially to the businesses overall profit.

In 2004 EGMs accounted for 59% of total gambling expenditure in Australia. Clearly, the recent increased acquisition activity has been focussed on Pubs with existing EGMs. The current Industry forecast for continued growth in gaming and wagering portion of sector revenue, indicates that Pubs with existing EGM licences and capabilities are generally considered to be able to generate greater future growth.

7 REGULATORY FRAMEWORK

The Industry is subject to a number of regulatory and legislative requirements including:

- Gaming and liquor licensing and taxation; and
- Introduction of legislated smoking bans.

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7.1 Gaming legislation

Legislation affecting the Industry is regulated on a state or territory basis. The key focus of gaming legislation is taxation and caps on the number of EGMs and "harm minimisation" initiatives (such as restricted hours of operations, maximum bet limits).

Licensed venues tend to own and operate EGMs in every state except for Victoria and Western Australia. In New South Wales and Queensland EGMs are bought (or leased) from approved manufacturers or financiers. In South Australia EGMs are bought from the State Supply Board (operated by the South Australian government).

A summary of key gaming regulations for the Eastern Seaboard states is provided below.

New South Wales

- Liquor license holders automatically entitled to a gaming license.
- Gaming machines subject to net profits tax, license fees and a healthcare levy (from 1/7/2004 NSW government introduced a schedule of increasing gaming tax rates through to 2010).

Queensland

- From 1 July, hotel licensees were required to hold operating Authorities to install and operate gaming machines. Initially all hotel licensees were granted Authorities based on existing EGMs per site.
- Authorities can be traded through a tender process. Licensees can only tender for new licences after approval for additional EGMs at their respective premises.
- EGMs subject to state taxes and levies.

Victoria

- TABCORP Holdings Limited and Tattersalls Gaming Pty Ltd are the only entities licensed to own, operate and maintain EGMs.
- Pub owners contract with TABCORP & Tattersalls and share profit (after state taxes) from each EGM in their venues with the owner of the EGM license (eg TABCORP or Tattersalls).
- EGMs subject to state taxes and levies.

Caps on EGMs by state and by region represent a barrier to entry for potential new operations. The current caps on EGMs by venue type, establishment type and geographic region is shown below.

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	Cap by venue type			Cap by establishment type		
	Clubs	Pubs	Casino	Clubs	Pubs	By State[3]
New South Wales	450	30	1,500	78,020	25,980	104,000
Victoria[1]	105	105	2,500	13,750	13,750	30,000
Queensland	280	40	-	-	-	18,843
South Australia	40	40	-	-	-	15,128
Tasmania	40	30	-	-	-	3,680
Australian Capital Territory[2]	N/A	13/2	-	-	-	5,200
Northern Territory	45	6	-	<55% of national average		N/A

Source: Various government websites

Notes:

1. Victoria also has regional caps within the State.
2. Pubs have a limit of 13 EGMs and Taverns have a limit of 2 EGMs in ACT.
3. Includes EGMs located in casinos.

There is the potential for EGM licenses to be transferred between venues. However, a number of criteria must be met before the relevant authority in each state approves such a transfer. Transfers of licenses are subject to the same capping requirements by venue and region. In addition, most state authorities will require a social impact assessment to be completed before any approval.

7.2 Smoking Bans

In September 2002, Victoria introduced smoking bans in all gaming areas (except certain private gaming areas of Crown Casino). Most other states and territories have followed suit and have pass legislation to bring certain smoking bans into effect.

Current state and territory smoking legislation requirements are summarised below.

Smoking Bans in Pubs by State and Territory	
Australian Capital Territory	Smoking permitted in venues that have at least 25% of floor space open to the outside air. Full smoking ban currently being debated in Parliament.
New South Wales	Full smoking ban by 30 June 2007.
Northern Territory	Currently no plans to introduce smoking bans.
Queensland	Full smoking ban by 30 June 2006, except in limited outdoor areas.
South Australia	Full smoking ban by 31 October 2007.
Tasmania	Smoking ban in all gaming areas from 1 January 2005. Full smoking ban from 1 January 2006.
Victoria	Smoking ban in all gaming areas from September 2002. Non-gaming licensed venues which have two or more rooms must designate one as non-smoking.
Western Australia	Full smoking ban by July 2006

Source: Various government publications

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The introduction of smoking bans was forecast to significantly impact on earnings in the Industry. However, those Pubs who had prepared appropriately have reported that an initial decline in revenue has been offset to varying degrees by increases in dining revenue. Others have reported that despite an initial dip in EGM activity after the introduction of smoking bans revenue has balanced back and the significant decreases in EGMs activities have not eventuated as predicated.

8 SOURCES OF INFORMATION

In compiling this report the following sources of information have been relied upon:

- CB Richard Ellis Market View National Pubs First Quarter 2007;
- IBIS World Industry Report 10 April 2007, "Pubs, Taverns and Bars in Australia";
- Australian Bureau of Statistics (July 2006) Clubs, Pubs, Taverns and Bars 2004-05;
- Australian National University Centre for Gambling Research, "The Australian Gambling Market 2005";
- Various government publications on gaming and smoking ban legislation;
- Discussions with Industry participants and commentators;
- ASX listed company publicly available documents; and
- Other publicly available information.

9 DISCLAIMERS AND CONSENTS

BDO Corporate Finance does not have any interest in the outcome of this issue other than the right to receive normal professional fees for the preparation of this Report.

Except for the above, BDO Corporate Finance has not received, nor will receive, any pecuniary or other benefit, whether direct or indirect, for or in connection with the making of this Report.

BDO Corporate Finance was not involved in the preparation of any other part of this Prospectus and Product Disclosure Statement and did not authorise or cause the issue of any other part of the Prospectus and Product Disclosure Statement. Accordingly, BDO Corporate Finance makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus and Product Disclosure Statement.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside the ordinary course of business have come to our attention that would require comment on, or adjustment to, the information referred to in our Report that would cause such information to be misleading or deceptive.

BDO Corporate Finance consents to the inclusion of this Report in the Prospectus and Product Disclosure Statement in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

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This report has been prepared, and included in the Prospectus and Product Disclosure Statement, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and Investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an Investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully
BDO KENDALLS CORPORATE FINANCE (NSW) PTY LIMITED



Judith Ryan
Director

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Directors Management & Corporate Governance



SECTION 05

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5.1. Directors of the Company



Colin J Henson FCPA Dip Law (BAB), FCIS, FCIM, FAICD

Chairman and Non Executive Director

Colin Henson's career exceeds 35 years in senior corporate positions with most of the last 16 years in public company directorship and fixed term company reconstruction roles.

Colin has held senior management and/or board positions with companies including Tooth & Co Limited (which at its peak had over 600 Pubs) (18 years in senior management positions including as Finance Director), Australian Consolidated Investments Limited (formerly Bell Resources Limited) (Executive Director), Century Drilling Limited (Managing Director), AWA Limited (Chief Financial Officer), Burns Philp & Co. Limited (Chief Financial Officer) and Pan Pharmaceuticals (Acting Chief Executive Officer).

Colin is currently the Non-Executive Chairman of ERG Limited; Non-Executive Chairman of Bishop Technology Group Limited and a Non-Executive director of MYOB Limited.



Tom W Hedley

Executive Director and CEO

Chief Executive Officer of the Manager, Tom Hedley has been the driving force behind the Hedley Group's rise to become one of North Queensland's largest companies.

Commencing business in 1969 as a self employed contractor, Tom gradually expanded the Hedley Group, with his companies having been involved in most of the major developments in Cairns including major shopping centres, hotels and the Convention Centre. The Company's operations include Hedley Constructions, Joinery and Metalwork operations, Hedley Plumbing and Sheet metal, and the Hedley Pub and Liquor Group.

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Stephen Donnelly BCom, CPA

Executive Director

Stephen is a Certified Practicing Accountant, and holds a Bachelor of Commerce from James Cook University in North Queensland.

Stephen held positions with ANZ Banking Group and Ord Minnett during the 1990's, joining the Hedley group in 1997. In his capacity as Group Financial Controller of the Hedley Group, Stephen has overseen the significant expansion of the Hedley Pub portfolio.

Stephen is a senior executive of the Manager.



Nerolie Withnall BA, LLB, FAICD

Non-Executive Director

Nerolie is a director of Campbell Brothers Group, Chairman of QM Technologies Limited and the Brisbane Institute, a director of Pan Australian Resources Limited, Alchemia Limited and the Major Sports Facilities Authority.

She is deputy president of the Takeovers Panel, a member of the Corporations and Markets Advisory Committee, the Council of the Australian National Maritime Museum and the Senate of the University of Queensland. She is a former partner of Minter Ellison Lawyers.



Greg Kern BCom, CA, IPA, F Fin, MIIA(Aust), MAICD

Non-Executive Director

Greg is the Managing Director of Kern Consulting Group, a corporate advisory firm, and has previously held positions at Ernst & Young and Coopers & Lybrand.

Greg is a Chartered Accountant, a registered company auditor, and a member of the Financial Services Institute of Australasia, the Institute of Internal Auditors and the Australian Institute of Company Directors.

Greg is currently a Non Executive Director and chairman of the Audit and Risk Management Committee of ASX listed CEC Group Limited. Greg is also a Director of SITA-CEC Environmental Solutions Pty Ltd and Pioneer North Queensland Pty Ltd.

5.2 Directors of the Responsible Entity

Jonathan Westaby Sweeney BCom, LLB

Chairman – Permanent Investment Management Ltd (appointed 12 December 2002), Managing Director – Trust Company Ltd

Mr. Sweeney joined Trust Company Ltd, the ultimate holding company of PIML, in 1991 and held the positions of Joint General Manager and Joint Managing Director prior to being appointed Managing Director in October 2000. He has degrees in Law and Commerce from the University of New South Wales.

He has had extensive experience in the funds management industry having held positions in the United Kingdom, with the Gartmore Group, and in Australia with Armstrong Jones, prior to joining Trust Company.

Michael John Britton BJuris, LLB

Director – Permanent Investment Management Ltd (appointed 11 July 2003), General Manager Corporate Services – Trust Company Ltd

Mr. Britton joined Trust Company in 1983. Mr. Britton, a graduate of the University of New South Wales with degrees in Law and Jurisprudence, is a fellow of the Chartered Institute of Secretaries.

Prior to joining Trust Company, Mr. Britton was with Boral Limited for six years following his graduation in 1976.

He has executive responsibility for the Institutional Services operation of Trust Company, reporting directly to the Executive General Manager Institutional Services.

Ian Murray Nicol BBus, MBA, CPA

Director – Permanent Investment Management Ltd (appointed 16 July 2003)
Executive General Manager Finance & Administration and Support Services – Trust Company Ltd

Mr. Nicol joined Permanent Trustee Company Ltd in 2000 prior to its merger with Trust Company and is currently Executive General Manager Finance & Administration. Mr. Nicol has over 20 years experience as an accountant, many of these in senior positions in public and foreign owned companies.

Assyat David

Director - Permanent Investment Management Limited (appointed 15 June 2007)
Executive General Manager Financial Services - Trust Company Ltd

Assyat David joined Trust in August 2004 as an Executive General Manager of Trust Financial Services.
Ms David is responsible for the following businesses:

Estates and Trusts which includes Philanthropy and Wealth Transfer Planning (an estate planning service), Private Clients including Financial Planning and Trust Lifestyle Care (a power of attorney service), Personal Injury, Funds Management, additional services supporting retail and intermediary clients such as product development, sales and related operations.

Before joining Trust, Ms David worked at Challenger/CPH as a consultant and was also on the boards of a number of Challenger's distribution businesses. Ms David also worked for ING, ANZ, RetireInvest and Optimix.

Vicki Lee Allen BBus, MBA, Dip Financial Planning

Director - Permanent Investment Management Limited (appointed 15 June 2007)
Executive General Manager Institutional Services - Trust Company Ltd

Vicki Allen joined Trust in January 2007 as Executive General Manager of Trust Institutional Services.

With over twenty years experience in the financial services industry, Ms Allen has held a number of director roles including Executive Director of National Wealth Management Services Limited and a member of the Executive Risk Compliance & Audit Committee.

Ms Allen is currently Director of Trust Company Superannuation Services Limited, Trust Company International and South West Inner Sydney Housing Cooperative Ltd.

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Prior to joining Trust, Ms Allen worked at Lend Lease Corporation and National Australia Bank, in a number of senior roles including most recently General Manager, Servicing Solutions, and General Manager, Adviser and Investor Services.

5.3 Overview of the Manager

Pursuant to the services Agreements (see section 12.1.3) HLG has delegated day to day control of its assets to the Manager. The Manager will provide all investment, asset management and general administrative services to HLG (other than certain compliance and supervisory services which will be provided by the Responsible Entity). The Manager will also be responsible for pursing all acquisitions and any divestments. The primary responsibilities of the Manager will include:

- collecting rents and ensuring HLG meets it obligations under the leases;
- sourcing acquisitions for HLG to consider;
- formulating and implementing HLG's Debt Policy, in conjunction with the Directors;
- preparing financial accounts and tax reporting of HLG;
- overseeing ASX compliance and investor communications;
- providing strategic planning and budgeting for HLG;
- facilitating developments for HLG; and
- risk management.

The Manager is a member of the Hedley Group, which has extensive experience in identifying, and acquiring Pub freeholds, and securing quality tenants on favourable lease terms (see sections 3.1 - 3.3).

The Manager may appoint external consultants to provide aspects of its services, such costs will be incurred by the Manager and not reimbursed by HLG.

HLG's investment committee will review all of the Manager's advice, including advice concerning acquisitions and development opportunities. The Manager's advice will be reviewed for compliance with the law, the Trust and Company Constitutions, HLG's investment criteria, the Services Agreements and the interests of Securityholders. Assuming such compliance, the Responsible Entity and the Company must follow the Manager's advice.

The Manager will be entitled to receive the following fees from HLG:

Base Fees	Base Fees of 0.308% of the gross value of HLG's assets (over the Forecast Period) and 0.401% thereafter. The Management Fee will be paid half-yearly.
Performance Fees	An annual performance fee of up to 0.25% of the gross value of HLG's assets based on the percentage by which the accumulated total return on the Stapled Securities exceeds the performance of the S&P/ASX 200 Property Trust Accumulation Index for the corresponding period.
Transaction Fees	Transaction Fees of 1% of the purchase price on completion of real property acquisitions (excluding the Acquisition Contracts).

During the Forecast Period all fees are to be paid in Stapled Securities to the Manager, based on a 15 day volume weighted average trading price of the Stapled Securities, unless the Responsible Entity, the Company and the Manager agree otherwise. For more detail refer to section 12.

5.4 Corporate Governance framework

5.4.1 General

The Corporations Act, ASX Listing Rules, Company Constitution, Trust Constitution, Stapling Deed and general law regulate the operations of HLG and the responsibilities of the Company and the Responsible Entity and their officers.

The directors of the Company and the Responsible Entity are subject to a number of duties, including to act diligently and in the best interests of Securityholders.

The Company and the Responsible Entity have entered into the Stapling Deed which governs the co-operation between the companies in relation to the Stapled Securities and to achieve the common parameters of the Company and Trust. The common parameters include HLG's investment strategy, borrowings, distribution policy, financial reporting and compliance with relevant laws. Under the terms of the Stapling Deed, the Company and the Responsible Entity are obliged to notify and co-operate with each other in relation to the exchange of relevant information and co-ordination of the release of announcements to ASX.

5.4.2 Responsible Entity's compliance framework

The Responsible Entity has established a compliance program governing the operations of the Trust, which comprise an extensive compliance management and reporting structure. This structure is set out in the Compliance Plan of the Trust.

The Responsible Entity has established an Audit, Risk and Compliance Committee - MIS which acts as the compliance committee of the Trust for the purposes of Part 5C of the Corporations Act. The majority of members of the Committee are external, independent members. The Audit, Risk and Compliance Committee - MIS, is responsible for monitoring and reporting on the Responsible Entity's compliance with the Trust's Compliance Plan.

5.4.3 Dealing in Stapled Securities

Each of the Company and the Responsible Entity will or have adopted a trading policy for dealing in Stapled Securities by the management, senior executives and the directors of each of the Company and the Responsible Entity. This policy will or does specify the periods during which the purchase and sale of Stapled Securities may occur by such persons and set out a notification procedure concerning any such transactions.

5.4.4 ASX Principles of Good Corporate Governance

Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Recommendations") published by the ASX Corporate Governance Council.

The ASX Recommendations are designed to maximise corporate performance and accountability in the interests of Securityholders and the broader economy. The ASX Recommendations encompass matters such as board composition, committees and compliance procedures.

HLG will include on its website details of its corporate governance regime and a corporate governance statement will be included in HLG's annual report.

5.4.5 Ongoing Reporting to Securityholders

Securityholders will receive an annual report. This report will keep Securityholders informed of HLG's performance and operations. Further, each of the Trust and the Company will be a disclosing entity and will be subject to regular

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reporting and disclosure obligations under the Corporations Act. Copies of any documents relating to HLG lodged with ASIC may be obtained from, or inspected at, an ASIC office.

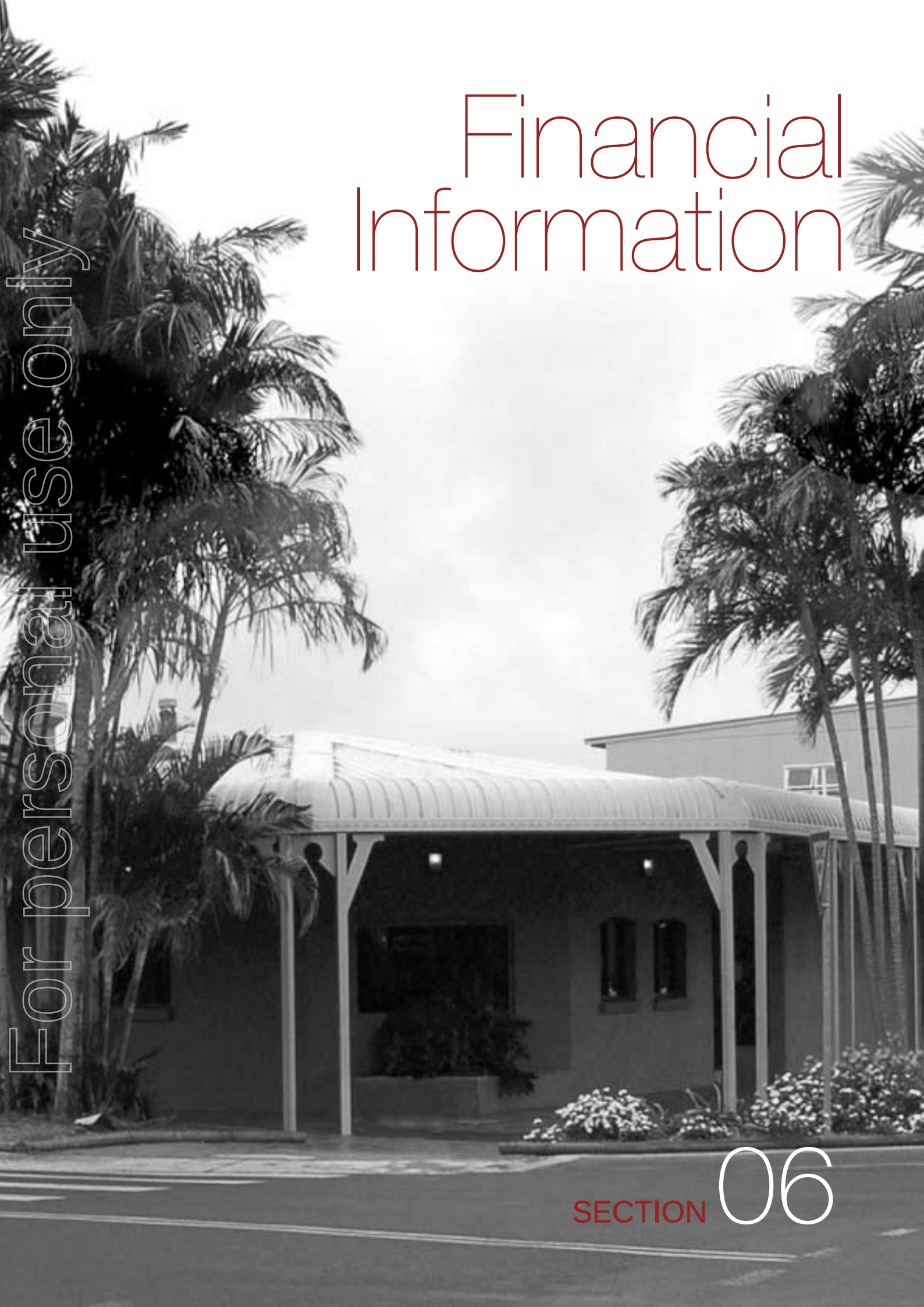
HLG is committed to providing Securityholders with ready access to information relating to their investment in HLG and in this regard HLG will maintain a website www.hlg.com.au which provides access to the following information and services which may be of interest to Securityholders:

- all announcements and media releases related to HLG promptly following their release;
- copies of full year and interim financial reports for HLG;
- summaries of Board and committee charters and relevant corporate governance policies;
- registry details including a facility for Stapled Securityholders to amend their particulars; and
- a copy of this Offer Document; and other relevant information provided by the Company and/or the Responsible Entity from time to time.

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Financial Information

SECTION 06

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6.1 Introduction

The forecast financial information in this section comprises:

- consolidated forecast income statements for the years ending 30 June 2008 and 2009;
- consolidated forecast distribution statements for the years ending 30 June 2008 and 2009;
- consolidated pro forma balance sheet at Completion (collectively "Forecasts");
- principal accounting policies;
- key assumptions in Forecasts; and
- sensitivity analysis.

The Forecasts have been prepared to reflect ownership of the Portfolio at Completion, and throughout the Forecast Period assuming settlement of the Acquisition Contracts at various dates prior to 31 August 2007.

The Forecasts should be read in conjunction with the principal accounting policies (see section 6.5), the key financial forecast assumptions (see section 6.6) and the sensitivity analysis (see Section 6.7).

The Forecasts are based on a best estimate assessment of HLG's existing contractual arrangements, anticipated economic and market conditions and the implementation of the Manager's strategies (see sections 3.2 and 3.3). While HLG (based on the Manager's recommendations), considers these best estimate assumptions to be appropriate and reasonable at the time of preparing the Forecasts, Investors should appreciate that many factors which may affect the actual operating results and Distributions of HLG are outside the control of the Manager and HLG. Actual outcomes may vary materially from those which are forecast and these variances may be materially positive or negative. These factors cannot be foreseen or accurately predicted. Further information on relevant risk factors is detailed in section 9.

PricewaterhouseCoopers Securities Ltd has been appointed as the Investigating Accountant to prepare a report in relation to the Forecasts (see section 11). PricewaterhouseCoopers Securities Ltd does not guarantee the future performance or capital return of HLG.

The Forecasts has been prepared for Investors under the recognition and measurement requirements of Australian equivalents to International Financial Reporting Standards ("A-IFRS").

The financial information in this section 6 is presented in an abbreviated form and does not contain all of the disclosures that would be required to be presented in an annual report prepared in accordance with the Corporations Act.

HLG comprises:

- Hedley Leisure & Gaming Property Partners Limited (the "Company"), which in turn holds 100% of the shares in Hedley Leisure & Gaming Property Services Limited (the "Custodian"); and
- Hedley Leisure & Gaming Property Trust (the "Trust"), which formerly traded as TW Hedley Unit Trust.

The past operations of Hedley Leisure & Gaming Property Trust included ownership of investment property and other activities including the operation of hotels, pubs and clubs. Historical financial information of the Trust has not been presented as it is not considered relevant to the prospective operations of the Trust. Refer to section 12.5 for discussion of warranties and indemnities provided to HLG in respect of past activities of the Trust.

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6.2 Consolidated Forecast Income Statements

Income Statement $ millions	30 June 2008 Forecast	30 June 2009 Forecast
Income		
Rent from investment properties[1]	65.1	69.5
Distributions from investments[2]	6.5	6.7
Interest income	0.1	0.1
Straight line lease adjustment[3]	26.6	24.3
Total income	98.3	100.6
Expenses		
Land tax[4]	(1.3)	(1.4)
Borrowing costs[5]	(50.9)	(54.4)
Management fees[6]	(3.3)	(3.4)
Other expenses	(1.0)	(1.0)
Impact of straight line lease adjustment on fair value of investment properties[7]	(26.6)	(24.3)
Total expenses	(83.1)	(84.5)
Net profit before write-off of property acquisition costs	15.2	16.1
Write-off of property acquisition costs[8]	(23.1)	-
Net profit/(loss) attributable to security holders	(7.9)	16.1

Notes

1. Rent from investment properties represents rental receipts under the terms of lease agreements and excludes the adjustment required under A-IFRS to straight-line the recognition of lease income, which is shown separately (refer to note 3 below).
2. Distributions from investments represent forecast distributions receivable from HLG's investment in ALE. Refer to section 6.6 for details of forecast assumptions.
3. The majority of lease agreements include annual increases to rents charged. Under A-IFRS, HLG is required to recognise lease income on a straight line basis as set out in the accounting policies in section 6.5. This has the effect of increasing income above rental receipts in the early years, and reducing income below rental receipts in later years. There is no net effect on cash available for distributions to Securityholders.
4. Land tax represents amounts payable in Queensland that are not recoverable from lessees. In other States, land tax may be recovered from the lessee.
5. Borrowing costs represents interest payable as set out in section 6.6, and the amortisation of debt issue costs of $2.8 million per annum. HLG has put in place swap arrangements to hedge interest exposures of HLG. There is no reasonable basis to forecast fair value movements on these hedges, but this would have no effect on cash flow, and hence the ability to pay distributions.
6. The Manager is entitled to management fees as set out in sections 5.3 and 10.3.2. The Manager has agreed to accept payment of all management fees during the Forecast Period in Stapled Securities.
7. The effect of accounting for lease income on a straight line basis includes recognition of an additional asset, which is normally classified within investment property. As there is no reasonable basis to forecast an increase in property values over the Forecast Period, an adjustment has been included in the forecast income statement to reduce the value of the investment property by an amount equal to the receivable arising from the straight line recognition of lease income.
8. To the extent that the contract price of each property in the Portfolio plus the acquisition costs including stamp duty exceed the independent valuation of the property (see section 7), the excess has been written off in the Forecasts for the year ending 30 June 2008.

6.3 Consolidated Forecast Distribution Statements

Distribution Statement $ millions	30 June 2008 Forecast	30 June 2009 Forecast
Net profit before write off property acquisition costs	15.2	16.1
Add back[1]		
Equity settled management fees	3.3	3.4
Amortisation of debt issue costs	2.8	2.8
Operating cash flow	21.3	22.3
Operating cash flow per security (cents)	17.1	17.2
Forecast distribution	33.8	36.3
Components of forecast distribution[2]		
Distribution reinvestment	12.5	14.0
Forecast cash distribution	21.3	22.3
Forecast distribution per Stapled Security		
Cents per Stapled Security	27.13	28.0
Forecast Yield at the Offer Price	7.75%	8.00%
Forecast tax deferred portion of distribution[3]	90%	85%

Notes

1. The add back adjustments represent non-cash items of expenditure that do not impact operating cash flow.
2. On the recommendations of the Manager, Distributions during the Forecast Period have been forecast based on operating cash flows being available to fund a distribution yield at the Offer Price of 7.75% in the financial year ending 2008 and 8.00% in the financial year ending 2009, after taking account of TWH (OLD)'s expected reinvestment of distributions via the Distribution Reinvestment Plan ("DRP") (refer Section 12.1.2). TWH (QLD) has agreed to participate in the DRP for up to 71% (and any further amount required by HLG) of the distributions from the Founder Securities (see section 12.4.3). For discussion of distribution policy after the Forecast Period, see section 3.8.
3. Forecast tax deferred % is based on the assumptions set out in Section 6.6.

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6.4 Consolidated Pro Forma Balance Sheets

The consolidated pro forma balance sheet set out below shows the financial position of HLG at Completion, which includes the effect of the Offer and the acquisition of 34 Pubs under the Acquisition Contracts, which is expected to occur by 31 August 2007.

Balance Sheet $ millions	At Completion before write off of property acquisition costs	Write off of property acquisition costs	At Completion after write off of property acquisition costs
Cash assets	2.0		2.0
Investment properties[1]	1,087.9	(23.1)	1,064.8
Investment in ALE	77.5		77.5
Other assets[2]	27.5		27.5
Total Assets	**1,194.9**	**(23.1)**	**1,171.8**
Senior Debt	739.1		739.1
Junior Debt	60.0		60.0
Other payables	2.2		2.2
Total Liabilities	**801.3**		**801.3**
Securityholders' funds[3]	**393.6**	**(23.1)**	**370.5**
NTA per security of $3.50[4]	**3.31**	**(0.19)**	**3.12**

Notes:

1. The balance sheet at Completion includes the current Portfolio, which has a fair value of $570.02 million as assessed by the independent valuer (see section 7), and the additional 34 Pubs under the Acquisition Contracts, which have a cost of $517.92 million (including acquisitions costs), and a fair value of $494.82 million as assessed by the independent valuer (see section 7). The Acquisition Contracts comprise:

a. The Gaming Asset Management acquisition – the acquisition of Pubs for $118.1 million cash, funded by $45.3 million cash and $72.8 million new debt.

b. The Iris acquisition – the acquisition of Pubs for $190.3 million cash, funded by $28.0 million cash, $117.3 million new debt and $45.0 million by issue of Vendor Securities.

c. The Club Hotels Group acquisition – the acquisition of Pubs for $47.6 million cash, funded by $31.1 million new debt and $16.5 million from cash and the proceeds of the Junior Debenture Subscription Facility.

d. Coles Queensland Pub acquisitions – the acquisition of Pubs for $61.9 million cash, funded by $38.1 million new debt and $23.8 million from cash and the proceeds of the Junior Debenture Subscription Facility.

e. Other acquisitions of Pubs for $100.0 million cash, funded by $30.7 million from cash and the proceeds of the Junior Debenture Subscription Facility, $61.7 million new debt and $7.6 million by the issue of Vendor Securities.

2. Other assets include debt issue costs of $8.4 million and the fair value of derivative contracts as at 31 March 2007 of $15.1 million.

3. Securityholders funds as at Completion reflect Founder Securities, Vendor Securities and the issue of Stapled Securities pursuant to the Offer. Further details are included in the table below. This has been presented excluding any oversubscriptions and including 3 million Stapled Securities to be issued under the Staff Offer (which is not underwritten).

4. Net Tangible Assets per Stapled Security is $3.12 as shown in the table above. This is presented after writing off the amount by which the contract price of each Pub under the Acquisition Contracts plus the acquisition costs (including stamp duty) exceeds the independent valuation of the Pub (see section 7).

Components of Securityholders Funds	Value of Securityholders Funds $ millions	Number of Stapled Securities (millions)
Founder Securities (Before Allotment)	221.9	67.87
Staff Offer	10.5	3.00
Balance Retail Offer and Institutional Offer	115.5	33.00
Third party vendors of assets to Fund	52.6	15.03
Write-down of property acquisition costs	(23.1)	-
Issue costs	(6.9)	-
At Completion	370.5	118.90

6.5 Principal Accounting policies

The key policies which have been adopted in the preparation of the Forecasts, are outlined below:

Basis of preparation

The Consolidated Pro Forma Balance Sheet and the Consolidated Forecast Income Statement have been prepared in accordance with the historical cost accounting convention except for investment properties and derivative financial instruments which are carried at fair value. The Consolidated Forecast Income Statement and Consolidated Pro Forma Balance Sheet are also prepared in accordance with the requirements of the Constitutions of the Trust and the Company, the requirements of the Corporations Act 2001, and the recognition and measurement requirements of applicable Australian Accounting Standards being A-IFRS issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

Consolidation and stapling arrangements

UIG1002: Post-Date-of-Transition Stapling Arrangements requires one of the stapled entities of the structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement the Trust has been identified as parent of the consolidated group.

Property investments

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction and reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the period in which they arise.

Independent valuations of investment properties will be obtained annually from suitably qualified valuers. Such valuations are reflected in the financial statements. Notwithstanding, the carrying value of each investment property at each reporting date is assessed to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions.

In the Consolidated Pro Forma Balance Sheet, costs of acquisition including stamp duty have been written off to the extent that recognition as an asset caused the cost of the acquisitions to exceed the fair valuation of investment property as arrived at by the Independent Valuer.

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Land and buildings have the function of a single investment and are regarded as a composite asset. The applicable accounting standards do not require that investment properties be depreciated. Accordingly, the buildings and any components thereof, including plant and equipment, are not depreciated.

Transaction costs on issue of Stapled Securities in HLG

Transaction costs arising on the issue of Stapled Securities in HLG are recognised directly in Securityholders' funds as a reduction of the Stapled Security proceeds received.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method. Amortised cost is calculated by taking into account any loan issue costs, and any discount or premium on settlement.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income
Rental income from operating leases is recognised on a straight line basis over the lease term. Fixed rental increases which do not represent direct compensation for underlying cost increases or capital expenditure are recognised on a straight-line basis over the term of the lease or over the period until the next market review date. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. The receivable is treated as a component part of the relevant property investment carrying value.

(ii) Interest revenue
Revenue is recognised as the interest accrues using the effective interest method.

Management Fees payable in Stapled Securities

HLG recognises the services received from the Manager in a Stapled Security based payment transaction as an expense on an accruals basis. HLG recognises a corresponding increase in equity when the services are received in an equity settled Stapled Security based payment transaction.

Expenditure

Expenditure is brought to account on an accruals basis.

Distribution

A distribution payable is recognised when the Securityholder's right to receive the payment is established.

Income tax

Under current Australian income tax legislation, the Trust is not liable to income tax provided unitholders are presently entitled to all of the Trust's income at 30 June each year. The Company is liable to pay income tax at the corporate rate (currently 30%) on its taxable income.

Derivatives

HLG may use derivative financial instruments such as forward currency contracts and interest rate swaps to hedge risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

6.6 Key Assumptions in Forecast

The material best estimate assumptions that have been made in preparation of the Forecasts are set out below. While these assumptions are considered appropriate and reasonable at the time of preparation of this Offer Document, Investors should appreciate that many factors which may affect results are outside the control of HLG and the Manager, and may not be capable of being foreseen or accurately predicted. Accordingly, actual results of HLG may differ materially from those contained in the Forecasts. Investors should be aware that the nature and timing of events and the magnitude of their impact might differ from that assumed in preparing the Forecasts, and this may have a material positive or negative effect on the financial performance of HLG and its ability to make distributions to Securityholders. There can be no assurance that the Forecasts are indicative of HLG's future performance or that actual results will not differ materially from those presented in the Forecasts. Inclusion of the Forecasts in this Offer Document should not be regarded as a representation by any person that the results contained in the Forecasts will be achieved.

Investors are advised to review the assumptions and the Forecasts and make their own independent assessment of the future performance and prospects of HLG.

The Offer

The Offer is implemented as proposed and is completed on Friday 3rd August 2007, fully subscribed. The sources and applications of the proceeds of the Offer and drawdown under the Debt Facilities are as set out in section 1.5, and are included in the pro forma balance sheet as shown in section 6.4.

Recognition of current Portfolio

Current Portfolio value totals $570.01 million, as assessed by the independent valuer (see section 7).

Acquisitions

The cost of completing the Acquisition Contracts is $517.92 million, including acquisition costs of $27.0 million. The independent valuer has assessed the fair value of these investment properties at $494.8 million (see section 7). The independent valuer has assessed the market value of the property assets, which is the fair value at which the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. HLG will incur acquisition costs above the purchase price, primarily stamp duty. In the Consolidated Pro Forma Balance Sheet (see section 6.4) and in the Consolidated Forecast Income Statement for the year ending 30 June 2008 (see section

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6.2), the excess cost of $23.1 million above fair value as assessed by the independent valuer has been written down.

Other than those Pubs acquired under the Acquisition Contracts as described above, no further property acquisitions or disposals are assumed to take place within the Forecast Period.

Change in fair value of investment properties

There are no forecasts of future valuations of properties as there is no reasonable basis to make forecasts in relation to future capitalisation rates, property yields or general market conditions, all of which are outside the control of HLG, the Responsible Entity and the Manager. For these reasons, the impact on the Forecasts of these matters is not able to be accurately quantified, reflecting, in particular, the potential volatility of property values. All properties are carried at valuation in the pro forma balance sheet (see section 6.4). To the extent that the receivable component of the property investment which relates to income recognition on a straight-line basis increases during the Forecast Period, an equal and opposite reduction in the value of the other components has been recognised.

Net property income

Property income has been forecast based on existing leases and assumptions for future occupancy rates, tenant turnover and market rentals. Net property income comprises gross rental and all other income, including recoverable expenses, after deducting property expenses. The forecast net property income is based on rental increases under the terms of the lease agreements as set out in section 12.2. The Weighted Average Annual Rental Increase is forecast to be 3.8%. For the purposes of the forecast rental income, CPI is assumed to be at least 2%.

Leasing and vacancies

The Forecasts assume all leases are enforceable and are performed in accordance with their terms.

ALE Investment

The ALE Investment is recognised in the Consolidated Pro Forma Balance Sheet at $4.00 per security. Distributions for the years ending 30 June 2008 and 30 June 2009, have been forecast to increase by 3% every six months based on historic distributions and broker consensus.

Interest income

It is assumed that interest income will be earned on cash balances at a rate of 4.90%.

Debt

The Forecasts assume the Senior Debenture Subscription Facility will be drawn to $739.1 million and the Junior Debenture Subscription Facility to $60 million will be drawn down to refinance the Initial Portfolio and to partially fund amounts due under the Acquisition Contracts. Interest will be paid as set out in section 8.5.

Manager's fees

The Manager is entitled to receive the following fees from HLG (as further described in sections 5.3 and 10.3.2):

i) Base Fee

For the Forecast Period, the Base Fee will be 0.308% of gross asset value held, and only payable in Stapled Securities.

ii) Performance Fee

The Forecasts assume that no Performance Fee is payable in the Forecast Period because the amount payable, if any, will depend upon the relative performance of a Stapled Security compared with the Benchmark and this cannot be reliably estimated at this time.

iii) Transaction fees

The Forecasts do not include any transaction fees payable to the Manager. As set out in section 10.3.2, no transaction facilitation fee is payable in respect of the Acquisition Contracts.

Other expenses

HLG will incur operating expenses including annual listing fees, registry charges, custodian fees, legal, audit and tax fees, marketing costs, postage and printing costs and other miscellaneous expenses including replacement of minor plant and electrical items under the Coles leases. These amounts have been forecast by taking into account past experience and other factors likely to influence the level of these fees, charges and costs.

Activities of the Company

Information on Surplus Land and the Development Deed is set out in section 12.6. No developments are forecast to be carried out during the Forecast Period.

Future capital raisings and acquisitions

It has been assumed that no equity capital raisings will be undertaken during the Forecast Period.

Issue Costs

Issue Costs associated with the Offer are estimated at $6.95 million (inclusive of GST). This amount will be paid out of the proceeds of the Offer. These costs are recognised directly in Securityholders' funds as a reduction of the proceeds of Stapled Securities.

Distributions

Distributions will be paid within two months of each half year end. The half year ends are 30 June and 31 December. The first distribution will relate to the period from 1 July 2007 to 31 December 2007.

Tax deferred %

The calculation of the forecast tax deferred % is based on:

- 90% of the forecast distributions represent a capital distribution out of the Trust in the year ending 30 June 2008, and 85% in the year ending 30 June 2009.
- Distributions from ALE have historically been 100% tax deferred. It is assumed the forecast distributions receivable from ALE will be 100% tax deferred in the year ending 30 June 2008 and 70% tax deferred in the year ending 30 June 2009, based on publicly available information.
- $1.5 million forecast capital allowances are based on evidence of costs incurred on properties controlled by HLG, and Directors estimates of available capital allowances on the balance of the Portfolio. HLG has engaged a quantity surveyor to analyse the balance of the portfolio and determine the availability of capital allowances. This is expected to be completed prior to the payment of the distribution in respect of the period to 31 December 2007.

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6.7 Sensitivity Analysis

HLG has, under direction from the Manager put in place a number of arrangements designed to minimise the volatility of returns and with the aim of minimising risk to Securityholders. However, Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the Forecasts may arise.

In determining the factors which may impact on the forecast distributions, the Manager has recommended that HLG take into account the following considerations:

- greater than 95% of rental income is supported by rental increases that are fixed unless CPI falls below an average of 2% over the preceding five years;
- interest rate hedging has been arranged for all of the Debt Facilities (see section 8.5); and
- in the event of an oversubscription, distributions will not be impacted because under the terms of the Relationship Deed the amount of participation in the Distribution Reinvestment Plan by TWH (QLD) for distributions on the Founder Securities will be increased to offset the impact of the higher number of Stapled Securities on issue.

Accordingly, no separate sensitivity analysis has been undertaken in relation to these factors.

To assist Investors in understanding the significance of other key sensitivities on the Forecasts, sensitivity analysis is presented below in respect of the following:

- Payment of a Performance Fee to the Manager, which would occur if the total accumulated annual return in a financial year on the Stapled Securities exceeds the performance of the Benchmark for the corresponding period; and
- The acquisitions of five Pubs in Queensland and five Pubs in South Australia from Coles are subject to conditional Heads of Agreements and there are no binding contracts of sale (see section 12.3.12). If the acquisitions do not proceed, the net income of HLG during the forecast period (before any revaluations) would be higher than forecast.

Change in assumption $ millions	Impact on net 30 June 2008 Forecast	Income 30 June 2009 Forecast
Manager Performance Fee is applied (maximum)	(2.8)	(2.8)
Coles Queensland and South Australia acquisitions do not proceed	1.0	1.2

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Valuation Report



SECTION 07

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LandMark White

Independent
Valuation
Research
Property Advice

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22 June 2007

The Directors
Hedley Leisure & Gaming Property Partners Limited &
Permanent Investment Management Limited *as responsible entity of*
Hedley Leisure & Gaming Property Trust
69 Aumuller Street
CAIRNS QLD 4870

Dear Sirs

RE: "HEDLEY HOTEL AND GAMING PORTFOLIO"

1.1 instructions

We refer to your recent instructions requesting a summary of the formal valuation report for the above portfolio for the purposes of inclusion in a Prospectus and Product Disclosure Statement (PDS), being prepared at the request of Hedley Leisure & Gaming Property Partners Limited and Permanent Investment Management Limited *as responsible entity of* Hedley Leisure & Gaming Property Trust.

This letter provides a summary detailing the principal factors that were considered in reaching our opinion of market value as at the valuation date stated in this report; the description of the properties are as they existed as at the relevant valuation date; and the market commentary is current as at the date of this report.

1.2 date of valuation

The date of valuation is 1 July 2007.

1.3 basis of valuation

The valuations have been prepared on the basis of Market Value as defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API):

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

1.4 valuation methodology

In formulating our opinion of value, we have reflected on each property's particular characteristics, including its location, the lease covenant, wider economic factors and the evidence of recent sales of similar properties within the hotel investment market.

In assessing value for the properties, our approach has relied primarily upon a reconciliation of Capitalisation of Net Income and the Discounted Cash Flow approaches.

National Offices:
Sydney
Melbourne
Brisbane
Gold Coast
Parramatta
Sunshine Coast
Wollongong



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Four of the properties include "balance land" component and the Mt Isa Hotel is subject to the land lease being converted to freehold.

The valuations have been completed on a GST exclusive basis except where otherwise stated.

A brief explanation of the Capitalisation of Income and Discount Cash Flow approaches is as follows:

Capitalisation of Income Approach

This approach examines potential net income available from the property, which is then capitalized at a rate that reflects the risk profile of that property and the property market of the day. This approach attempts to mirror the typical property investors' view of the subject property and the market.

Discounted Cash Flow Approach

This approach is a detailed analysis of the future income of the property based on current lease terms, perceived risk of the investment and anticipated future market conditions. The future cash flows are discounted at an appropriate discount rate to arrive at a net present value.

1.5 description

The portfolio includes the Lessor's Interest in a combination of 86 hotels and 15 bottle shops plus ancillary shops and other income. The hotels are located in Queensland (46), New South Wales (34), Victoria (1) and South Australia (5). All the bottle shops are located in Queensland.

The portfolio properties are generally in good structural condition and most have been well maintained. A number have been recently refurbished to a high standard and are considered to be well presented and refurbishment is proposed on the others.

A number of the properties have other commercial premises leased separately from the hotel and some hotels have ancillary income from other sources and these are all included in the valuation.

The properties are leased or to be leased to Coles (Liquorland (Qld) Pty Ltd or other Coles Entity), National Leisure and Gaming Pty Limited or Hedz Pty Ltd.

All the hotels have a lease structure of 40 to 60 year terms including options. They are net leases with the Lessee being responsible for all outgoings excluding Land Tax in Queensland and fair wear and tear. Rents increase by 3.75% or 4.00% per annum (apart from the two Brewhouse hotels at 3.25%) until the final year of the lease term with limited market reviews at option for some of the leases.

1.6 valuation opinion

After consideration of the characteristics of the subject properties in terms of the sales evidence, I have determined the Market Value of the total of the individual properties to be **$1,064,790,000 exclusive of GST** and the whole of the portfolio value to be **$1,120,000,000 exclusive of GST**.

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1.7 critical assumptions

- It is assumed that there is no significant event between the dates of inspection and the date of valuation that would impact upon the values of the subject properties.
- While all reasonable endeavours have been made to clarify the accuracy of the information provided, it is assumed that the information provided by Hedley Group Pty Ltd, various vendors and Lessees with respect to current rental and financial details consists of a full and frank disclosure of all information that is relevant.
- In undertaking our valuation we have relied upon various financial and other information submitted by Hedley Group Pty Ltd, various vendors and Lessees. Where possible, within the scope of the retainer and limited to the expertise as a valuer, I have reviewed this information including by analysis against industry standards. Based upon that review, LandMark White has no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, LandMark White's enquiries are necessarily limited by the nature of its role and LandMark White does not warrant that they have identified or verified all of the matters which a full audit, extensive examination or "due diligence" investigation might disclose. For the purpose of our valuation assessment, we have assumed that this information is correct.
- With respect to lease details, I have sighted signed leases or draft lease structures of the proposed leases. Should there be any variation, I reserve the right to review my valuation. This valuation is based on the critical condition that the proposed leases are executed without material alteration.
- Overall, there are considered to be no encumbrances or interests reported on Titles that are considered to seriously adversely affect the value, marketability and continued utility of the properties. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report, they may affect the assessment of value. If any such matters are known or discovered, I should be advised and asked as to whether they affect my assessment of value.
- The flooding information noted has been obtained from various Councils. This information has been relied upon in my assessment of value and no responsibility is accepted for the accuracy of the flooding information provided. Should the information prove incorrect in any material respect, the matter should be referred to me for review of the valuation as deemed appropriate.
- The planning information noted has been obtained from various Councils. This information has been relied upon in my assessment of value and no responsibility is accepted for the accuracy of the planning information provided. Should the information prove incorrect in any significant respect, the matter should be referred to me for review of the valuation as deemed appropriate.
- No soil tests or environmental studies have been made available for my perusal. Therefore, it should be noted that my valuation is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes, toxic mould, asbestos or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability. Should any problems be known or arise, then the valuation should be referred to me for comment and review of the valuation as deemed appropriate.

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The individual property values are as follows:

property	adopted value	initial yield
Hotel Allen	$15,850,000	6.10%
Anthill Hotel	$1,850,000	6.26%
Barrier Reef Hotel	$2,400,000	6.29%
Barron River Hotel	$5,750,000	6.11%
Berserker Hotel	$7,450,000	6.11%
Boomerang Motor Hotel	$7,700,000	6.12%
Brighton Hotel	$9,000,000	6.07%
Cairns Central (Sole)	$6,100,000	6.09%
Club Hotel	$5,990,000	6.13%
Commonwealth Hotel	$1,900,000	6.31%
Crown Hotel	$26,100,000	5.97%
Dunwoody's Tavern	$16,810,000	6.01%
Ferry Road Tavern	$19,750,000	6.00%
Finnigan's Chin	$10,900,000	6.08%
Finnigan's Chin Irish Pub	$7,275,000	6.05%
Fitzy's Hotel & Convention Centre	$17,300,000	5.97%
Fitzy's Waterford	$12,950,000	6.07%
Grafton Hotel	$5,800,000	6.13%
Inala Hotel	$8,650,000	6.14%
Kooyong Hotel	$5,650,000	6.09%
Leichhardt Hotel	$6,120,000	6.11%
Mansfield Hotel	$4,350,000	6.19%
Palm Cove Tavern	$5,630,000	6.00%
Royal Hotel	$4,950,000	6.14%
Sundowner Hotel Motel	$8,350,000	6.07%
Tom's Tavern	$17,400,000	6.04%
Trinity Beach Hotel	$12,700,000	5.90%
Westcourt Tavern	$5,700,000	6.10%
Wickham Hotel	$8,350,000	6.14%
Woodpecker Bar & Grill	$5,750,000	6.14%
Bayswater Road DBS	$2,150,000	6.93%
Bella Vista DBS	$400,000	6.12%
Gateway Plaza DBS	$1,000,000	6.81%
Bundock Street DBS	$610,000	6.06%
Centenary Cellars DBS	$400,000	6.12%
Coastwatchers DBS	$760,000	6.09%
Edge Hill DBS	$610,000	6.06%
English Street Cellars DBS	$610,000	6.06%
Kewarra Beach DBS	$610,000	6.06%

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property	adopted value	initial yield
Railway Estate DBS	$610,000	6.06%
Reservoir Road DBS	$1,050,000	6.88%
Sheridan Street Cellars DBS	$1,550,000	6.72%
Southside DBS	$610,000	6.06%
Woree DBS	$610,000	6.06%
Bonny View Tavern	$10,400,000	5.95%
Cleveland Sands Hotel	$20,405,000	5.93%
Coomera Lodge Hotel	$3,000,000	6.10%
Everton Park Hotel	$18,450,000	5.90%
Mi Hi Creek Tavern	$12,950,000	5.97%
Bridge View Hotel	$11,100,000	6.05%
Bristol Arms Retro Hotel	$13,900,000	6.10%
Hotel Cremorne	$28,300,000	6.05%
Kooringal Hotel	$9,400,000	6.18%
Plantation Hotel	$14,200,000	6.17%
Royal Hotel (Ryde)	$13,000,000	6.02%
Willoughby Hotel	$16,500,000	6.03%
Finnian's Irish Tavern	$4,700,000	6.06%
Port Macquarie Hotel & Town Green Tavern	$23,000,000	6.11%
Chincogan Hotel	$2,350,000	6.17%
Commercial Hotel	$3,950,000	6.20%
The Glades Tavern	$10,100,000	6.13%
Kincumber Hotel	$16,280,000	6.11%
Kirra Beach Hotel	$16,650,000	5.93%
Yorkeys Knob DBS	$630,000	6.09%
Regatta Hotel	$32,500,000	5.99%
Carrington Hotel	$2,195,000	6.24%
Sub total for current Portfolio	**$570,015,000**	**6.10%**
El Cortez Hotel	$29,000,000	6.19%
Keighery Hotel	$18,300,000	6.37%
Lidcombe Hotel	$7,800,000	6.47%
Livingstone Hotel	$12,500,000	6.12%
Mt Druitt Cedars Tavern	$13,700,000	6.17%
Royal Hotel (Granville)	$18,150,000	6.14%
St Marys Hotel	$12,550,000	6.18%
Bankstown Club Hotel	$16,850,000	6.24%
Cabramatta Club Hotel	$27,550,000	6.24%
Campbelltown Club Hotel	$21,300,000	6.17%
Canterbury Club Hotel	$15,050,000	6.18%
Eastwood Hotel	$31,550,000	6.24%



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property	adopted value	initial yield
Leumeah Club Hotel	$15,800,000	6.17%
Mount Annan Club Hotel	$23,250,000	6.17%
Revesby Pacific Hotel	$14,000,000	6.25%
Wattle Grove Club Hotel	$15,650,000	6.17%
All Seasons Bendigo	$18,000,000	6.22%
Mount Isa Hotel	$1,700,000	6.37%
Tacking Point Tavern	$15,000,000	6.22%
Moonee Beach Tavern	$9,225,000	6.25%
Lakeview Hotel	$11,700,000	6.21%
Brewhouse Belmore	$16,250,000	6.65%
Brewhouse Doonside	$14,500,000	6.64%
Bushland Beach Resort	$9,300,000	6.17%
Brighton Metro Hotel	$11,100,000	5.91%
Grand Junction Tavern	$7,600,000	5.76%
Payneham Tavern	$7,300,000	5.74%
Waterloo Station Hotel	$14,050,000	6.00%
Western Tavern	$6,100,000	6.05%
Bribie Island Hotel	$12,500,000	5.96%
Royal Mail Hotel	$15,400,000	5.40%
Kings Beach Tavern	$13,450,000	5.40%
Lord Stanley Hotel	$8,600,000	5.85%
Chancellors Tavern	$10,000,000	5.87%
Sub total for Acquisition Contracts	**$494,775,000**	**6.15%**
Grand total for individual properties	**$1,064,790,000**	**6.12%**

1.8 material assumptions

Our valuation of the subject properties has, in part, been determined using a Discounted Cash Flow model. Our cash flow model has been prepared for valuation purposes only.

Cash flow projections are forecasts of estimated future operating characteristics and are based on the information and assumptions contained within our valuation report.

The achievement of the financial projections will be affected by fluctuating economic and property market conditions and they are dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections contained herein.

1.9 consent

LandMark White Brisbane Pty Ltd provides its consent for the inclusion of this summary letter within the Prospectus and Product Disclosure Statement for Hedley Leisure & Gaming Property Trust subject to Hedley Leisure & Gaming Property Trust making recipients of the Product Disclosure Statement aware of the following liability disclaimers.

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Liability Disclaimer

LandMark White Brisbane Pty Ltd is not operating under an Australian Financial Services Licence when providing the formal valuations or this letter, and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest with Hedley Leisure & Gaming Property Trust.

LandMark White Brisbane Pty Ltd disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Product Disclosure Statement, other than in respect to this letter and the formal valuations.

The formal valuations and this letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Product Disclosure Statement. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Neither this letter nor the full valuation reports may be reproduced in whole or in part without prior written approval of LandMark White Brisbane Pty Ltd.

LandMark White Brisbane Pty Ltd charges a professional fee for producing valuation reports, and the fee paid to LandMark White Brisbane Pty Ltd by Hedley Leisure & Gaming Property Trust for the formal valuation reports and this letter was $640,000 exclusive of GST plus out of pocket expenses.

LandMark White Brisbane Pty Ltd has prepared this letter on the basis of, and limited to, the financial and other information (including market information and third party information) is accurate, reliable and complete and confirm that we have not tested the information in that respect.

This summary letter is to be read in conjunction with our formal valuation reports dated 1 July 2007 and is subject to the assumptions, limitations and disclaimers contained therein. We refer the reader to Hedley Leisure & Gaming Property Trust to obtain a copy of the full reports.

1.10 pecuniary interest

We advise that each of the respective valuers are authorised under the relevant State laws to practice as valuers and have had in excess of five years continuous experience in the valuation of property similar to the subject. Neither the valuer nor LandMark White has any pecuniary interest giving rise to a conflict of interest in valuing the property.

Yours faithfully



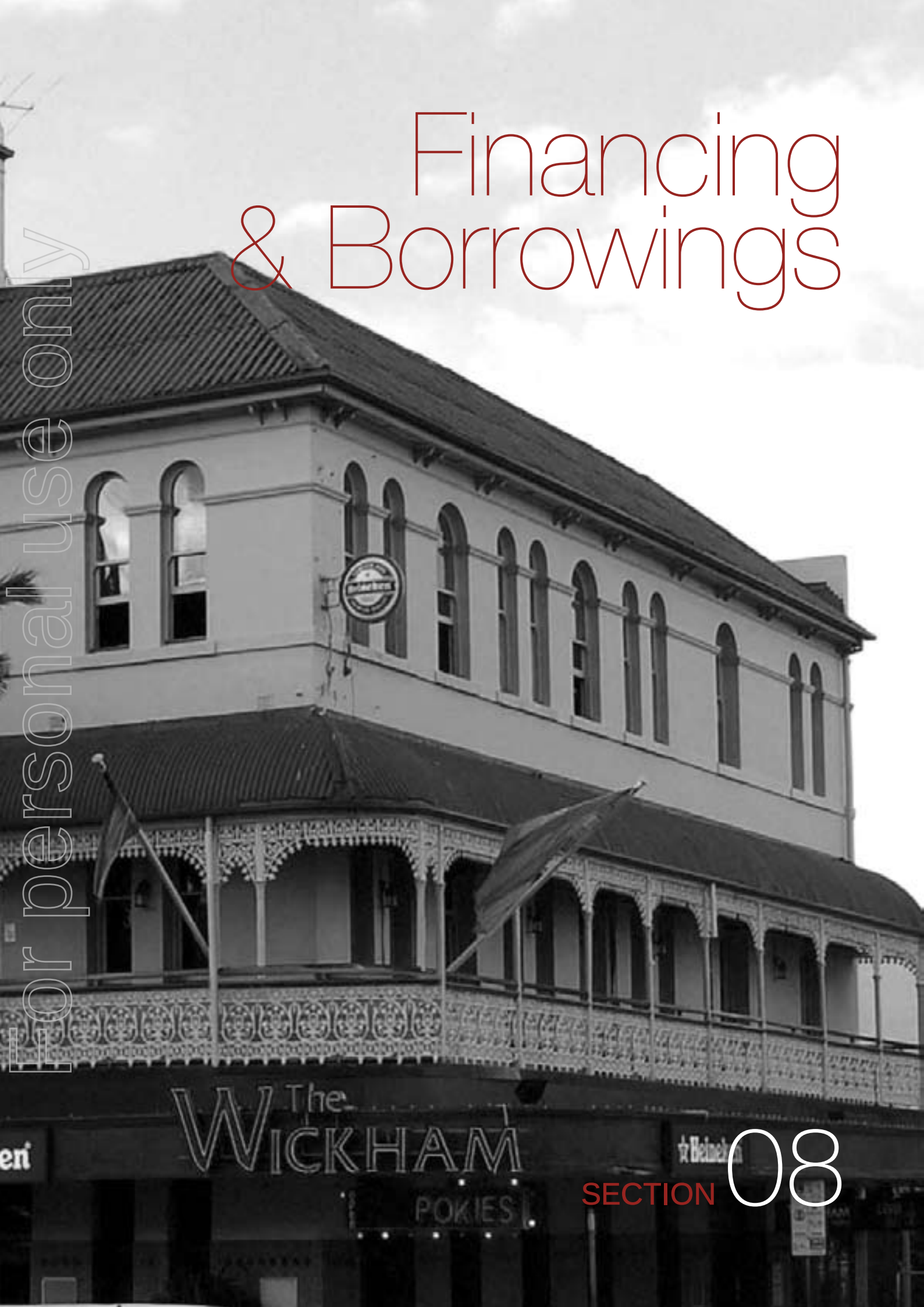


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Certified Practising Valuer

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MANAGING (QLD) STATE DIRECTOR

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Financing & Borrowings



SECTION 08

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8.0 Introduction

HLG has existing bank borrowings of approximately $443 million with respect to the current Portfolio and the ALE investment. It has a bridge facility from ANZ for $330 million to cover payments under any of the Acquisition Contracts that are required to be settled prior to Allotment (see section 8.1).

HLG has mandated ANZ to arrange a Senior Debenture Subscription Facility ("SDSF") with a facility limit of $850 million and a Junior Debenture Subscription Facility ("JDSF") with a facility limit of $60 million (the "Debt Facilities"), to replace all its existing debt facilities (including any drawdown under the bridge facility) and fund the debt required to complete all the Acquisition Contracts.

If the proposed amendment to Division 11A of Part III of the Income Tax Assesment Act 1936 (cth) comes into effect before drawdown under the Senior Debt Subscription Facility ("SDSF") or the Junior Debt Syndication Facility, either or both of those facilities may take the form of syndicated loan facilities.

ANZ has underwritten both the SDSF and JDSF but drawdown of the SDSF and JDSF are subject to satisfaction of certain conditions precedent. On or within 14 days of Allotment, the Manager intends that each of the conditions precedent to the drawdown will have been satisfied.

8.1 Bridge Facility

HLG has put in place a short term bridge facility with ANZ, the purpose of which is to provide debt funding capacity for any of the Acquisition Contracts required to be settled prior to Allotment. The bridge facility has a limit of $330 million and will be repaid from proceeds of the Offer and SDSF and JDSF.

The following table outlines the key terms of the bridge facility

Facility	Bridge Facility
Borrower	Permanent Investment Management Limited as responsible entity of Hedley Leisure & Gaming Property Trust
Guarantors	Hedley Leisure & Gaming Property Partners Limited and any wholly owned subsidiary of the Issuer or any Guarantor
Obligors	The Issuer and the Guarantors
Lender	Australia and New Zealand Banking Group Limited
Security Trustee	ANZ Fiduciary Services Pty Limited
Facility Amount	$330 million
Interest Rate	30 day BBSY plus a margin which is consistent with market pricing and varies according to the level of HLG's LVR
Conditions Precedent to first utilisation	Conditions Precedent include but are not limited yo: a) Completion of transaction and security documentation b) A executed Underwriting Agreement c) An LVR of no more than 1.05:1
Availability Period	25 June 2007
Scheduled Maturity Date	On or before 30 September 2007
Events of Default	Events of default include but are not limited to: a) Failure to pay amounts owed under the bridge facility agreement b) Breach of LVR covenant c) Change of control

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8.2 Senior Debenture Subscription Facility

The Senior Debenture Subscription Facility ("SDSF") is a senior debt facility comprising a total debt facility limit of $850 million. Shortly after allotment the SDSF will be drawn to $739.1 million which represents a 64.7% loan to value ratio of the combined market value of the Portfolio and ALE Investment.

The facility is being used to refinance existing facilities and settle property acquisitions, and may be used in the future by HLG to pay for any further acquisitions or to make distributions. The facility is secured by first ranking real property mortgages over each property in the Portfolio and such other security as described in the table below.

The SDSF terminates on or about July 2010.

The facility contains representations and warranties, undertakings and events of default generally consistent with facilities of its kind in the Australian syndicated loan market made available to listed property entities.

Financing covenants will include a maximum Loan to Value Ratio (LVR) of 65% for drawdowns and an event of default will not occur unless HLG's LVR exceeds 70%. The covenants will also include an Interest Cover Ratio ("ICR") of not less than 1.1 times for the SDSF.

The covenants require that if:

- the ICR falls below 1.3 times for the SDSF or HLG is in default under the SDSF then HLG is not permitted to make distributions to Stapled Securities;
- the ICR falls below 1.15 times then interest payments under the JDSF must not be made, an event of default occurs under the JDSF and interest on overdue amounts owing under JDSF will accrue at the Default Rate;
- if ICR falls below 1.1 times for the SDSF then this constitutes an event of default; and
- if the LVR exceeds 70% for the SDSF, then that constitutes an event of default.

The following table outlines the key terms of the SDSF.

Facility	Senior Debenture Subscription Facility
Issuer	Permanent Investment Management Limited as responsible entity of Hedley Leisure & Gaming Property Trust
Guarantors	Hedley Leisure & Gaming Property Partners Limited and any wholly owned subsidiary of the Issuer or any Guarantor
Obligors	The Issuer and the Guarantors
Arranger	ANZ Investment Bank
Agent	Australia and New Zealand Banking Group Limited
Security Trustee	ANZ Fiduciary Services Pty Limited
Syndicate Bank Members	As at the date of this Offer Document the syndicate bank members have yet to be finally determined however the facility is underwritten by ANZ and the Responsible Entity and the Company expect that the banking group will comprise more than 5 banks.
Facility Amount	$850 million
Interest Rate	90 day BBSY plus a margin which is consistent with market pricing.

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Structure	The Facility is available in two tranches: **Tranche A** The amount of Tranche A is A$700,000,000. The proceeds of issues of Tranche A debentures may be used for the certain purposes and are term debt. **Tranche B** The amount of Tranche B will be A$150,000,000. The proceeds of issues of Tranche B debentures may be used for more general purposes and are revolving.
Conditions Precedent to first utilisation	Conditions Precedent include but are not limited to: a) Completion of transaction & security documentation. b) Quotation and receipt of Application Monies. c) LVR no more than 65%. d) JDSF fully drawn.
Availability Period	Upon satisfaction of the conditions precedent to SDSF which is expected to be on HLG becoming listed on ASX or shortly thereafter and for a period of 3 years thereafter.
Hedge Protection	Benchmark hedge protection relating to the 10 year swap rate, please refer below.
Scheduled Maturity Date	3 years from the financial close date of the Senior Facility Agreement which will be on or about July 2010.
Security	First ranking security as follows: a) By way of fixed and floating charge over all assets of each Obligor (including without limitation the ALE Investment). b) By way of fixed equitable mortgage over all shares or units held by an Obligor in any other Obligor and any intercompany liability owed by an Obligor to any other Obligor. c) By way of registered mortgage over each property in the Portfolio. d) By way of a fixed charge (or other instrument) over each licence.
Default Rate	Interest on overdue amounts owing to the Subscribers will accrue at 2% per annum plus the Interest Rate.
Events of Default	Events of default include but are not limited to: a) Failure to pay an amount payable under a Finance Document; b) Breach of certain leverage and interest coverage covenants; c) Excessive rental arrears; and d) Occurrence of an insolvency event in respect of an Obligor or a major tenant.
Review Events	Review events include but are not limited to: a) Certain changes in the Responsible Entity; b) Certain changes in the control, or the credit status, of a major tenant; and c) a significant adverse change in legislation which governs liquor and gaming businesses.

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8.3 Junior Debenture Subscription Facility

The Junior Debenture Subscription Facility ("JDSF") is a junior debt facility comprising a total debt facility limit of $60 million. Shortly after allotment the JDSF will be fully drawn, which will represent a 5.2% loan to value ratio of the combined market value of the Portfolio and ALE Investment.

The facility is being used to refinance existing facilities and settle property acquisitions. The facility is secured by second ranking real property mortgages over each property in the Portfolio and such other security as described in the table below.

The JDSF terminates on or about July 2010.

The facility contains representations and warranties, undertakings and events of default generally consistent with facilities of its kind in the market made available to listed property entities.

Financing covenants will include a maximum Loan to Value Ratio (LVR) of 70% for drawdowns and an event of default will not occur unless HLG's LVR exceeds 75%. The covenants will also include an Interest Cover Ratio ("ICR") of not less than 1.15.

The covenants require that if:

- the ICR falls below 1.3 times for the JDSF or HLG is in default under the JDSF, then HLG is not permitted to make distributions to Stapled Securities;
- the ICR falls below 1.15 times then interest payments under the JDSF must not be made, an event of default occurs under the JDSF and interest on overdue amounts owing under JDSF will accrue at the Default Rate; and
- if ICR falls below 1.15 times, or the LVR equals or exceeds 75% then this constitutes an event of default.

The following table outlines the key terms of the JDSF.

Facility	Junior Debenture Subscription Facility
Issuers	Permanent Investment Management Limited as responsible entity of Hedley Leisure & Gaming Property Trust
Guarantors	Hedley Leisure & Gaming Property Partners Limited and any wholly owned subsidiary of the Issuer or any Guarantor
Obligors	The Issuer and the Guarantors
Arranger	ANZ Investment Bank
Agent	Australia and New Zealand Banking Group Limited
Security Trustee	ANZ Fiduciary Services Pty Limited
Syndicate Bank Members	As at the date of this Offer Document the syndicate bank members have yet to be finally determined however the facility is underwritten by ANZ and the Responsible Entity and Company expect that the banking group will comprise more than 2 banks including ANZ.
Facility Amount	$60 million
Interest Rate	90 day BBSY plus a margin which is consistent with market pricing.

Conditions Precedent to first utilisation	Conditions Precedent include but are not limited to: a) Completion of transaction & security documentation; b) Quotation and receipt of Application Monies; and c) LVR no more than 70%.
Availability Period	Upon satisfaction of the conditions precedent to JDSF which is expected to be on HLG becoming listed on ASX or shortly thereafter and for a period of 3 months thereafter.
Hedge Protection	Benchmark hedge protection relating to the 10 year swap rate (see section 8.5)
Scheduled Maturity Date	3 years from the financial close of the Junior Debenture Subscription Facility Agreement which will be on or around July 2010.
Security	First ranking security as follows: a) By way of fixed and floating charge over all assets of each Obligor (including without limitation the ALE Investment) b) By way of fixed equitable mortgage over all shares or units held by an Obligor in any other Obligor and any intercompany liability owed by an Obligor to any other Obligor c) By way of registered mortgage over each property in the Portfolio. d) By way of a fixed charge (or other instrument) over each licence.
Default Rate	Interest on overdue amounts owing to the Subscribers will accrue at 2% per annum plus the Interest Rate
Events of Default	Events of default include but are not limited to: a) Failure to pay an amount payable under a Finance Document; b) Breach of certain leverage and interest coverage covenants; c) Excessive rental arrears; and d) Occurrence of an insolvency event in respect of an Obligor or a major tenant.
Review Events	Review events include but are not limited to: a) Certain changes in the Responsible Entity; b) Certain changes in the control, or the credit status, of a major tenant; and c) a significant adverse change in legislation which governs liquor and gaming businesses.

8.4 Inter-creditor Arrangements

The following subordination principles shall apply as between the SDSF financiers and the JDSF financiers:

1. Debentures issued pursuant to the JDSF are fully subordinated to the Debentures issued pursuant to the SDSF, in accordance with normal debt subordination principles in the Australian corporate loan markets;

2. Maturity date for the JDSF is no earlier than the Final Maturity Date for the SDSF;

3. Lenders pursuant to the JDSF may not receive (or apply any moneys of an Obligor in or towards) any repayment of principal in respect of the JDSF before the SDSF is repaid in full;

4. Lenders pursuant to the JDSF may receive payments of interest or fees in respect of their debentures if:

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i. there is no Lock-up current (ICR does not exceed 1.15 times);

ii. all moneys then payable to the Lenders under the SDSF have been paid in full, and

iii. all operating expenses (including tax) of HLG have been paid in full;

5. Lenders pursuant to the JDSF or their Agent acting on their behalf may, if an event of default in respect of the JDSF has occurred:

i. declare that such an event of default has occurred; and/or

ii. charge interest at a higher rate.

6. Lenders pursuant to the JDSF and their Agent shall not for so long as any amounts under the SDSF remain outstanding:

i. take any steps to obtain a judgment against an Obligor (except by way of declaration or injunction) except where such judgment does not relate to rights under the JDSF; and

ii. vote at any meeting of creditors of an Obligor where such vote arises pursuant to rights accorded under the JDSF otherwise than as required by the SDSF Lenders or their Agent, except in respect of a payment which has not been made by an Obligor and should have been made under the JDSF.

8.5 Interest Rate Hedging

HLG will actively manage its interest rate exposure taking into account the long term nature of HLG's cashflows and quality of the tenants. Accordingly, on the recommendation of the Manager, HLG has hedged its interest rate exposure for 10 years by entering into 10 year fixed index swaps. The swaps effectively swap the floating interest rate exposure of HLG under the SDSF and JDSF for certain interest rates over a 10 year period.

HLG has entered into 10 year fixed index swaps with a weighted average commencing interest rate (excluding margins) of 5.45% per annum and indexed each year by an amount which takes into account the Weighted Average Rental Increase of the Portfolio. Indexation occurs on the 1st July of each year with the first indexation date of 1 July 2008. TWH (QLD) has facilitated the swaps (see section 12.10).

The following table shows the base rate (excluding the interest margin[1]) incorporating the effect of the hedge, to be paid by HLG in each year to 2017.

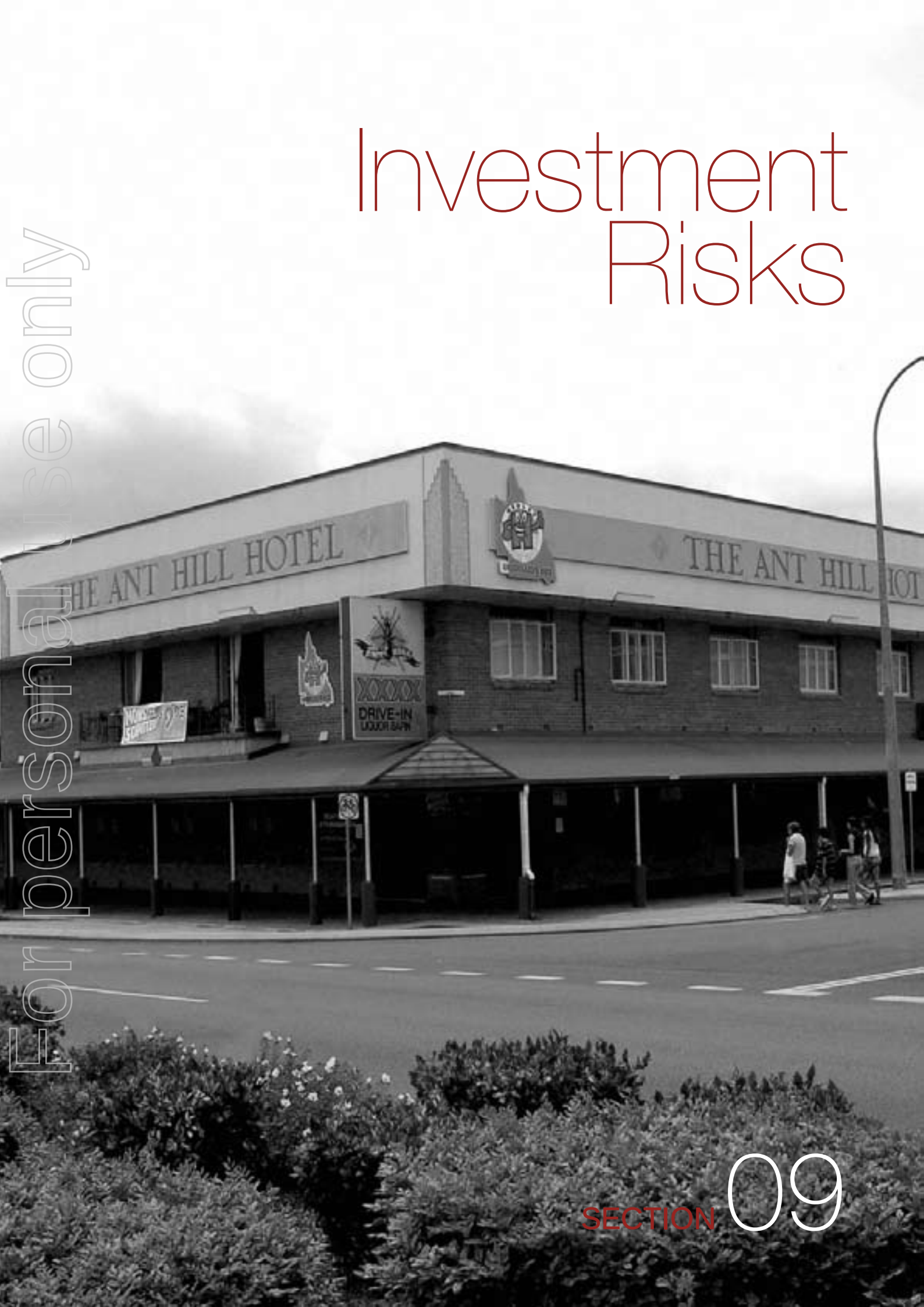
Year ended 30 June	Effective base rate excluding margin per annum
2008	5.45%
2009	5.69%
2010	5.90%
2011	6.08%
2012	6.28%
2013	6.44%
2014	6.67%
2015	6.99%
2016	7.25%

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Investment Risks



SECTION 09

Introduction

HLG's financial performance, asset values, liabilities, Securityholder funds, revenues, expenses, Distributions and the market price for the Stapled Securities may be materially adversely affected by a number of risk factors including but not limited to general risks of investing in listed securities, and risks specific to HLG, the Portfolio and HLG's tenants.

Some of these risk factors can be mitigated by appropriate actions, safeguards and procedures, but many are outside the control of HLG. There can be no guarantee that HLG will achieve its stated objectives or the Forecasts.

This section describes the risk factors to be applicable to an investment in HLG based on an assessment of the probability of the risk factor occurring and its impact if it were to occur. It is not an exhaustive list of all possible risk factors associated with an investment in HLG and there is no guarantee that other risk factors will not occur or, if the risk factors do occur, that their impact will be as described.

Investors should read this Offer Document in its entirety and seek professional advice from an accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to invest.

After the Forecast Period, TWH (QLD) will determine if any of its Stapled Securities will participate in the Distribution Reinvestment Plan, at which time HLG is not expected to be able to pay Distributions entirely from operating cashflow. In order to pay Distributions, HLG may need to borrow under it's existing or new debt facilities. Funds through the Senior Debenture Facility may be available, subject to constraints of the financial covenants, to further fund a component of HLG's Distributions after the Forecast Period. However if property values do not increase sufficiently, the amount under the Senior Debenture Facility available to fund these Distributions may be reduced due to constraints imposed by the Debt Facilities' financial covenants.

General Risks associated with investing in listed securities

General Investment Risks

There are risks associated with any stock market investment. These, include:

- the Stapled Securities may trade on the stock market at, above or below the Offer Price;
- as the Stapled Securities have not previously been listed, there is no trading history for the Stapled Securities and therefore no indication of how the Stapled Securities will trade on the stock market, or of the liquidity of that market; and
- the market price of the Stapled Securities may be affected by factors unrelated to the operating performance of HLG, such as those listed under the heading "General Economic Risks" below, investor sentiment, Australian and international stock market conditions, and the performance of other property businesses and assets. The stock prices for many listed entities have in recent times been subject to wide fluctuations, which in many cases may be a reflection of a diverse range of influences not specific to that listed entity.

General Economic Risks

Examples include:

- changes in economic conditions and outlook in Australia and internationally;
- changes in Australian government, industrial, fiscal, monetary or regulatory policies;
- changes in interest rates, exchange rates or rates of inflation; and
- international conflicts or acts of terrorism.

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General refinance risk

Entities review their refinancing options on debt facilities on a periodic basis and may arrange the refinancing of all or part of those facilities prior to maturity. Securityholders are exposed to the risk that HLG may not be able to repay or refinance the Debt Facilities as they fall due or that refinancing is only available on terms materially different to the current terms.

In such cases HLG may have to raise further debt or issue further equity or dispose of some or all of the assets of HLG to raise funds to repay or refinance the Debt Facilities. The ability to repay or refinance and the terms of any refinancing may affect the value of, and returns from, an investment in Stapled Securities.

General change in capital structure

Changes in the capital structure of HLG, for example from the raising of further debt or the issue of further equity to repay or refinance existing debt facilities or to fund the acquisition of additional Pubs, may affect the value of, and returns from, an investment in Stapled Securities.

General change in laws

Changes in laws (including tax laws) or their interpretation may affect the value of, and returns from, an investment in Stapled Securities.

For instance, changes in the taxation treatment of stapled entities and their securities (under which the Trust currently pays no entity level income taxes allowing a pass through of income which has a tax deferred element) may adversely effect the market price of Stapled Securities.

General liquidity risk

Given the high proportion of the Stapled Securities held by TWH (QLD) which will be subject to escrow during the Forecast Period, there is a risk that trading liquidity in Stapled Securities may be low.

Specific Risks Relating to HLG and the Portfolio

Concentration of Revenue

Approximately 82% of HLG's income forecast for the Forecast Period will be derived from Coles and NLG. There is a risk that if one or more of these major tenants ceases to be a tenant, HLG may not be able to find replacement tenants prepared to lease those Pubs on a basis which would result in the same return to HLG.

Distributions post Forecast Period

To the extent that Distributions after the Forecast Period comprise returns of capital, this depends on participation in the Distribution Reinvestment Plan or revaluation of the Portfolio and HLG being able to drawdown additional debt (which in turn requires HLG to comply with financial and other covenants under the Debt Facilities, see section 8.2).

Interest Rate Risk

The level of interest rates on HLG's financing facilities (and any subsequent refinancing) and the terms of any interest rate hedging and subsequent movements in market interest rates will affect the financial position of HLG.

As stated in section 8.5, HLG has entered into hedging arrangements that will result in the majority of any floating interest rate exposure on its financing facilities being indexed at fixed rates for a period of ten years. This has been achieved by entering into 10 year fixed index swap agreements and other hedging instruments with ANZ and other financial institutions in which the initial interest rate starts at a certain level and is indexed by a fixed amount each year.

The objective of the hedging strategy is to have an interest rate profile that resembles the index nature of the rental streams and mitigates the impact interest rate movements have on the financial performance of HLG. The Manager will review this strategy on an ongoing periodic basis to determine the most appropriate ongoing interest rate risk management strategy.

As a result of such reviews, HLG may change the interest rate risk management strategy from time to time when it believes it is in the interests of HLG and/or Sercurityholders to do so. The availability and terms of such hedging arrangements, and the level of interest rates at the relevant time, will affect the interest expense incurred by HLG and as a result, the value of, and returns from, an investment in Stapled Securities.

As HLG has fixed its interest expense payable on the Debt Facilities, changes in interest rates will not impact interest expense. However, the market or close out value of the hedges will change over time. That is, if HLG were to close or terminate the hedges with ANZ or other financial institutions, changes in general interest rates as well as spreads and fees charged would impact the value of the hedge. This may involve a payment to ANZ or other financial institution from HLG.

Increases in interest rates will increase the value of the hedges to HLG, and decreases in interest rates will decrease the value of the hedges to HLG.

Gearing

The Gearing of HLG is higher than many other listed property trusts. Gearing magnifies the impact of changes in asset values and the value of Stapled Securities. Accordingly falls in the value of the Portfolio would have a larger relative adverse impact on the value of Stapled Securities as a result of Gearing.

Portfolio devaluation

The value of Pubs in the Portfolio may rise or fall due to changes in various factors, including the supply and demand for such properties and the capitalisation rates commonly applied to such properties.

Further, given the long term leases of the Pubs within the Portfolio, and that increases in rent are determined by a fixed formula, the value of the Portfolio may be adversely impacted by rises in interest rates.

Inflation

If inflation in Australia is higher than 4% per annum, HLG could find itself in a situation in which rents will be rising by 3.75 – 4.00% but expenses (excluding interest expense) are rising by more than 4%. Over extended periods this would impact the net profit of HLG.

Due to the calculation of the annual rent adjustment in the leases to Coles, if inflation in Australia falls below 2% and remains below 2% for more than 5 years, the rental increments under those leases would be reduced. This situation may result in the diminution of value for the Pubs leased to Coles, and given the importance of these rentals to the overall financial performance of HLG would impact growth in HLG's revenue.

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Further as HLG has entered into 10 year fixed index swaps in which the interest rate payable increases, this could result in HLG's interest expense growing by more than its revenue.

After the Forecast Period at which point TWH (QLD) will no longer be required to participate in the Distribution Reinvestment Plan, there may be a requirement to pay some distributions by borrowing additional sums. The ability to borrow additional sums may be based upon revaluation of the Portfolio, which is partly driven by the value of the Pubs leased to Coles.

Dilution

Securityholders may be diluted by issues of additional Stapled Securities pursuant to future capital raisings by HLG. Further, the additional Stapled Securities may be issued at a discount to the trading price of the Stapled Securities at the time of or in a given period prior to such.

Acquisitions

It is the Manager's strategy to grow the Portfolio over time. Accordingly HLG may acquire additional properties in the future. As the details of any future properties are unknown, there is risk that the inclusion of additional properties in the Portfolio may detrimentally affect the value of returns to Securityholders and the Tax Deferred nature of distributions payable by HLG. Changes in the value of Pubs and their capitalisation rates may mean that future acquisitions may be dilutive to earnings or Distributions per Stapled Security.

Distribution ranking

Distributions by HLG rank after the payment of interest on Debt Facilities. If HLG does not generate sufficient cash flow to meet certain interest coverage ratios, gearing requirements and other covenants under the Debt Facilities, Securityholders may not receive any Distributions. If HLG defaults on the payment of interest on the Debt Facilities, Securityholders may not receive any distributions and may suffer loss due to financial institutions exercising their rights.

Breach of Financial Covenants

Pursuant to the terms and conditions of the Debt Facilities, financial covenants include a default under the SDSF at a Loan to Valuation Ratio ("LVR") of 70%, and a default under the JDSF at an LVR of 75% (see section 8). As the LVR of HLG will be 69.9% at Completion, there is a risk that if the value of the Portfolio decreases, an event of default may occur restricting HLG's ability to pay distributions to Securityholders if not remedied.

Similarly, if the ICR equals or is less than 1.3 times (see section 8), HLG may be restricted from paying distributions to Securityholders during and/or after the Forecast Period. The ICR of HLG may fall below the prescribed levels due to non-payment of rent by a tenant, a decline in distributions from ALE or other investments or rises in operating costs.

No Property Sector Diversification

HLG is a freehold Pub property fund because it predominantly owns Pubs and the ALE Investment. As such, HLG's performance depends in part on the performance of the Pub freehold market. If the Pub property freehold market performs poorly, HLG's performance may be impacted as a result of its concentration in the Pub freehold market.

Listed Property Investments reduce distributions and/or market price for Listed Property Investments decrease

The returns from any investment by HLG in listed property trusts, comprising at Allotment the ALE Investment, may be affected by a range of economic factors including changes in interest rates, exchange rates, inflation, general share market conditions, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for property, shares, bonds and other tradeable investments, and the general state of the domestic and world economies.

Rental review risk

As stated in Section 12.2 of this Offer Document, each Lease contains annual rent reviews being either:

- fixed; or
- 200% of CPI and capped at 4% (in the case of the Coles leases).

As a result, the level of CPI may affect the value of and returns from an investment in Stapled Securities.

Loss of Management and reliance on Manager's strategy

At the recommendation of the Manager, HLG has adopted certain strategies and policies. As such, the success of HLG is reliant on the success of these strategies.

The Manager is reliant on key personnel including its Chief Executive Officer and its Chief Financial Officer. In the event that their services were no longer available to the Manager and HLG, this may affect management and the financial performance of HLG.

Tenant Buyback Rights

Pursuant to the terms of their leases, Coles, NLG and Grant Samuel Pub Operations have the right to buyback at market value the Pubs' freehold if a party unrelated to the Hedley Group acquires 20% or greater of the Stapled Securities and TWH (QLD)'s holding of Stapled Securities on issue is less than 50%, or if there is a change in control of the Responsible Entity (without the consent of the relevant tenant). This may limit upside on the value of the Stapled Securities due to this restriction making HLG less attractive as a takeover target.

Potential Conflict of Interest

Given the relationships between the Hedley Group and HLG, there are potential conflicts of interest. For instance, the Manager is a member of the Hedley Group and TWH (QLD) is a party to the Development Deed (see section 12.6). HLG has put in place procedures to manage potential conflicts of interest.

ANZ and its subsidiary, ANZ Securities Limited, have also put in place arrangements to manage conflicts of interest that may arise in their businesses from time to time. It should nevertheless be recognised that ANZ may have had and may continue to have, through ANZ's various subsidiaries and divisions, multiple roles as provider of facilities or services to HLG and the Hedley Group, including in connection with their respective assets, from time to time (including roles disclosed elsewhere in this Offer Document). Please also refer to the Important Information section at the start of this Offer Document in this regard.

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No Guarantee

Neither the Company, the Responsible Entity nor any other person gives a guarantee as to the amount of income or capital return from the Stapled Securities or the performance of HLG, nor do they guarantee the repayment of capital from HLG.

Regulatory (including gaming and liquor licensing)

Changes in legislation and government policies that regulate liquor and gaming venues may adversely impact on the profitability of HLG's tenants.

By way of example, reductions in the number of gaming machines, restrictions on trading hours, increases in taxes and levies imposed on gaming machines, smoking restrictions and advertising restrictions may negatively impact on the profitability of venues. Conversely, the reduction or removal of regulatory barriers to entry into the industry may also negatively impact on the profitability of the Pubs through increased competition.

As the Pubs in the Portfolio are used as hotels and gaming venues, changes in liquor and gaming laws or their interpretation may affect the value of the Pubs, the ability of the tenants to perform their obligations and therefore the value of, and returns from, an investment in Stapled Securities.

Rental default

There is a risk that lessees do not perform their obligations which may affect the value of, and returns from, an investment in Stapled Securities.

HLG has sought to reduce tenancy risk by establishing leases with reputable tenants of multiple properties. These are considered to be experienced operators in the Pub industry with a strong financial position.

Re-leasing risk

If a lease is terminated or expires, the Manager will have to assess whether to lease the relevant Pub to a third party or sell the relevant Pub. The ability of the Manager to re-lease the relevant Pub, and the terms of any re-leasing, will depend on the market conditions at the relevant time including the demand for Pubs and prevailing market rentals.

Should a lease option not be renewed or a lease be terminated, the liquor and gaming licences will revert to HLG which will therefore have a business capable of immediate sale. Should there be any intervening period of time between surrender and sale of the new lease, then the lease can be operated on behalf of HLG by another operator.

Environmental

The discovery of, or incorrect assessment of costs associated with, environmental matters or contamination on any properties in the Portfolio or acquired at a future date, could have an adverse effect on the value of that property.

While HLG may be able to pass on that risk to another person if the contamination was caused by that person or under the HLGPS Sale of Shares and Indemnity Deed (see section 12.5), there is always a residual risk that HLG may be required to undertake the remediation at its own cost. A further risk is that another property may be contaminated as a result of contamination spreading from one of the properties owned by HLG and that a third party may seek to recover its loss from HLG as a result of that contamination.

Structural condition

As discussed in Section 12.2 of this Offer Document, the tenants have the obligation to maintain the Pubs but are not required to repair any latent or patent defects in the Pubs or carry out structural or capital repairs required other than as a result of the tenant's default, negligence, act or omission or its specific use of the premises (for example a general change of law).

Insurance

Various factors may influence insurance premiums beyond levels reflected in the Forecasts, or in some circumstances, policies may not cover all insurable risks. This may in turn have a negative impact on the profitability of HLG.

Accounting standards

Accounting Standards may change. This may necessitate a change in the accounting policies currently adopted by HLG. Changes in the Accounting Standards may affect the reported net financial performance and financial position of HLG.

Queensland land tax

Under Queensland legislation, the owner of certain types of property in Queensland is liable to pay land tax. Some of the Pubs in the Portfolio are subject to such land tax and any change in the rate of land tax may affect the value of, and returns from, an investment in Stapled Securities.

Acquisition Contracts

If any of the Acquisition Contracts (as set out in Section 12.3) are not completed, the composition of the Portfolio will change. While each of the Acquisition Contracts is expected to be completed by 31 July 2007 there can be no guarantee that this will occur.

Risks Specific to the tenants including:

Coles and Private Equity

There is market speculation that Coles may be acquired by a private equity firm. Private equity transactions typically involve higher levels of Gearing than used by Coles. As such, a private equity transaction involving Coles may result in one of HLG's largest tenants increasing its Gearing and therefore its financial risk.

Competition

HLG's tenants may experience competition from other venues which may have an affect on the their profitability and ability to perform under their lease obligations to HLG.

Pub industry conditions

A change in macroeconomic factors such as interest rates, employment levels, social attitudes and/or consumer preferences may impact on the performance of HLG's tenants and their ability to perform under their lease obligations to HLG.

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Fees & Expenses

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SECTION 10

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10.1 Consumer advisory warning

The warning below is required by law.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period.

For example, it could reduce from $100,000 to $80,000.

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask HLG or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website www.fido.asic.gov.au has a managed investment fee calculator to help you check out different fee options.

Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from HLG assets as a whole. Taxes are set out in another section of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

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10.2 Fee Table

	Amount[1]	How and when paid
Fees when your money moves in or out of HLG		
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee The fee to close your investment.	Nil	Not applicable
Management costs The fees and costs for managing your investment.		
Ongoing costs The costs for operating HLG.	Estimated at $550,000[2] per annum You will be charged $66.08 per year for every $50,000 you have invested in HLG.	Paid to relevant third parties from the assets of the Trust or the Company (as the case may be) when the amount is due. Refer "Additional explanation of fees and costs" below for an explanation of these costs.
Trustee fee The fee payable to the Responsible Entity for acting as responsible entity of the Trust	Estimated at $256,250 per annum plus approximately 0.015% per annum of the net value of Trust property between $1.2 billion and $1.5 billion. You will be charged $30.79 per year for every $50,000 you have invested in HLG[3].	Paid to the Responsible Entity from the assets of the Trust monthly in arrears. Refer "Additional explanation of costs and fees" below for an explanation of this fee.
Management base fee The fee payable to the Manager for managing HLG.	0.308% per annum of the gross value of HLG property in the period from the date of listing of HLG to 30 June 2009; and 0.401% per annum of the gross value of HLG property thereafter. You would be charged $410.30 per year for every $50,000 you have invested in HLG from the date of listing of HLG to 30 June 2009 and $547.10 per year thereafter.[3]	Paid to the Manager from the assets of the Trust or the Company (as the case may be) in accordance with the Services Agreements, in arrears, on each 30 June and 31 December. Refer "Additional explanation of costs and fees" below for an explanation of this fee.

Performance fee The fee payable to the Manager based on the performance of HLG	Between 5.125% and 15.375% of the Outperformance.	Paid to the Manager from the assets of the Trust or the Company (as the case may be) in accordance with the Services Agreements after the end of each 30 June. Refer "Additional explanation of fees and costs" below for an explanation of this fee.
Transaction facilitation fee The fee payable to the Manager based on an acquisition of real property for HLG	1.025% of the purchase price.	Paid to the Manager from the assets of the Trust or the Company (as the case may be) in accordance with the Services Agreements 10 days after settlement of an acquisition. Refer "Additional explanation of fees and costs" below for an explanation of this fee.
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable

1 All amounts set out in this Section 10 are inclusive of GST less any input tax credits (to the extent that either are applicable). GST will be payable from the respective entity to which the fee or cost is paid. The Company and the Trust may not be entitled to full or reduced input tax credits in all instances. Amounts are rounded to three decimal places.

2 This is an estimate only. Actual amounts may differ significantly. Refer Additional explanation of fees and costs below for further information about the assumptions behind the estimates.

3 This assumes a gross value of HLG property of $1.17 billion and a net value of HLG property of $370 million. This is an estimate only and actual amounts may differ significantly.

10.3 Additional explanation of fees and costs

All figures are quoted inclusive of GST, less any input tax credits (to the extent that either are applicable).

10.3.1 Ongoing costs

All expenses properly incurred by the Responsible Entity or the Company in connection with HLG are, subject to the Constitutions and the Services Agreements, payable or reimbursable out of the assets of the Trust or the Company (as applicable). These expenses include ongoing costs of operating HLG such as taxes, Directors fees, ASX fees, other regulatory fees, custodian fees, audit fees, insurance, marketing, compliance costs and other general expenses. The Constitutions and the Services Agreements are further explained in Section 12. These ongoing costs do not include the costs associated with the acquisition of additional real property by HLG after the Acquisition Contracts.

The Manager is not entitled to reimbursement of its overhead costs (eg salaries of persons provided by the Manager in relation to HLG including the Chief Executive Officer and the Chief Financial Officer and administration costs).

Subject to the Corporations Act, the Responsible Entity is entitled to be reimbursed out of the assets of the Trust for

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all expenses incurred by it in relation to the proper performance of its duties in respect of the Trust. These amounts will be paid in cash at the relevant time, out of assets of, or as an expense of, the Trust. The Trust Constitution and further information about the Responsible Entity is explained in Section 12.

10.3.2 Management costs

Set out below is further information about the Management Costs relating to the operation of HLG.

Trustee Fee

The Responsible Entity is entitled under the Trust Constitution to a management fee of 2% per annum of the net value of the Trust's property for so long as it is the responsible entity of the Trust. While the Services Agreements remain in place, the Responsible Entity will waive its right to this full fee and instead accept $256,250 per annum plus 0.015% per annum of the net value of Trust property between $1.2 billion and $1.5 billion. The fee payable where the net value of Trust property exceeds $1.5 billion will be as agreed between the parties. This amount is paid in cash to the Responsible Entity monthly in arrears from the assets of the Trust. Should the Responsible Entity be removed as responsible entity within 2 years of its appointment, the Company must pay the Responsible Entity $512,500 less the fees previously paid to the Responsible Entity, as described above.

Manager's Base Fee

The Manager is entitled to a Base Fee for services provided under the Services Agreements (refer Section 12.1.4). The fee is equal to 0.308% per annum of the gross value of HLG property in the period from the date of Listing of HLG to 30 June 2009; and 0.401% per annum of the gross value of HLG property thereafter. This fee is calculated and paid to the Manager each 30 June and 31 December out of the assets of the Trust and/or the Company (as applicable). The Base Fee is estimated at approximately $3.3 million for the financial year to 30 June 2008.

Performance Fee

The Manager is entitled to a Performance Fee under the Services Agreements (refer Section 12.1.4) for managing HLG to outperform the S&P/ASX 200 Property Trust Accumulation Index. The Performance Fee is calculated with respect to each year ending 30 June and is payable to the Manager at the end of each such year.

The Performance fee is equal to:

a) if the Outperformance is less than 2%, 5.125% of Outperformance multiplied by the Market Value of the Stapled Securities; or

b) if the Outperformance is more than 2%, 5.125% of 2% multiplied by the Market Value of the Stapled Securities plus 15.375% of the amount by which Outperformance exceeds 2%, multiplied by the Market Value of the Stapled Securities.

In each case, subject to a maximum Performance Fee of 0.256% of the gross value of HLG property. The example below gives an indication of how the Performance Fee operates.

Outperformance is calculated with respect to each year ending 30 June. Outperformance is the amount by which the Accumulated Total Return exceeds the Index Return, each expressed as a percentage.

Accumulated Total Return is the increase in the Stapled Security Value over the relevant year, adjusted for any distributions or return of capital during that year (whether or not paid in that year), divided by the Stapled Security Value at the beginning of the year.

Index Return is the increase in the level of the S&P/ASX 200 Property Trust Accumulation Index over the relevant year divided by the level of the S&P/ASX 200 Property Trust Accumulation Index at the beginning of the year.

Market Value of the Stapled Securities is the Stapled Security Value at the beginning of the year multiplied by the number of Stapled Securities in issue at the beginning of the year.

Stapled Security Value is, at the relevant time, the average of the daily weighted average price for all Stapled Security sales on the ASX during the previous 15 trading days immediately preceding the relevant time. If there are no such sales in the previous 15 days or we believe that the average sale price described above would not reflect fair value, the Stapled Security Value is the amount per Stapled Security that is calculated in accordance with the Corporations Act and Listing Rules and which is capable as being independently verifiable.

In the first year, all references to values or levels at the beginning of the year are references to the value or level at the time of the first issue of Stapled Securities pursuant to this Offer Document. The Performance Fee calculation methodology will be adjusted to account for any buy-backs, capital reductions or reorganistions (such as division or consolidation) affecting the Staple Securities.

Performance Fees form a part of Management Costs.

As HLG is being restructured pursuant to the Listing, the Manager considers that there is no reasonable basis upon which to estimate a Performance Fee for HLG.

This example is indicative only and does not purport to represent the likely Performance Fees (if any) payable by HLG. The Forecasts in Section 6 have assumed that no Performance Fee is payable during the Forecast Period.

Example

Stapled Security Value at beginning of year		$3.50
Market Value of Stapled Securities at beginning of year (assuming 120 million Stapled Securities in issue)		$420 million
Stapled Security Value at end of year		$3.85
Market Value of Stapled Securities at end of year (assuming 120 million Stapled Securities on issue)		$462 million
Accumulated Total Return (assuming dividends added back)	$3.85 - $3.50 / $3.50	1/10 or 0.1
Index at beginning of year		100
Index at end of year		105
Index Return	(105 – 100)/100	1/20 or 0.05
Outperformance (as a percentage)	0.1 – 0.05	5%
Performance Fee	5.125%*2% *$420 million 15.375%*(5%- 2%) *$420 million	$0.43 million $1.94 million
Total notional Performance Fee		$2.37 million
Gross HLG Property Assets		$1.2 billion
Maximum Performance Fee	0.256%*$1.2 billion	$3.07 million Maximum performance fee of 0.256% of gross HLG property is not exceeded. Performance Fee earned = $2.37 million

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An investor with $50,000 of Stapled Securities will pay a Performance Fee of approximately $282.41 in that year. The Performance Fee paid in any one financial year must not exceed 0.256% per annum of the gross asset value of HLG at the end of the financial year.

Manager's Transaction facilitation fee

This fee is paid to the Manager under the terms of the Services Agreements for finding and managing the acquisition of each real property investment of HLG. The fee is equal to 1.025% of purchase value of the assets in question (excluding stamp duty) pursuant to the Services Agreements. This fee is paid from the assets of the Trust or the Company (as the case may be) when they settle the acquisition of the relevant investments. The Manager will be entitled to this fee for all real property acquisitions other than the assets acquired pursuant to the Acquisition Contracts as described in section 3.4.2.

10.3.3 Fees and expenses of the Offer

The Responsible Entity and the Company are entitled to be reimbursed for all costs related to the Offer and establishment of HLG. These costs are estimated at $6.95 million and include printing costs, financial (including debt arrangement), legal and tax adviser fees, distribution costs, transaction and direct costs and underwriting fees as set out below.

Type of fee or cost	Amount	How and when paid
Underwriting Fee	2.5% of gross proceeds of the Offer other than the Staff Offer which is estimated if there are no over subscriptions at $2.89 million.	Paid to the Underwriters from the assets of the Trust or the Company (as the case may be).
Offer management and structuring fee	$0.58 million.	Paid to the ANZ Securities Limited from the assets of the Trust or the Company (as the case may be).
Financial advisory fees relating to the Offer and pre-Offer related transactions	$1.5 million.	Paid to ANZ Investment Bank from the Proceeds of the Offer by the Trust or the Company (as and when due).
Transaction and direct costs Stamp duty and other costs associated with the acquisition of property assets pursuant to the Acquisition Contracts	$27.00 million.	Paid to the Office of State Revenue and other third parties at or before Completion.
Other establishment related costs (Costs associated with the Offer, including legal fees, Investigating Accountant's fees, registry fees, stamp duty and printing fees)	Estimated at approximately $1.98 million.	Paid to the relevant third parties from the assets of the Trust or the Company (as the case may be).

Transaction and direct costs

HLG will incur costs when it acquires the Pubs under the Acquisition Contracts. These costs include stamp duty, sales agent fees, valuation fees, surveying fees and legal fees. These amounts are paid from the assets of the Trust or the Company (as the case may be) at or before Completion. The Manager estimates that the transaction and direct costs of HLG (including stamp duty) relating to the acquisition under the Acquisition Contracts to be $27.00 million. The Trust and the Company are likely to incur additional transaction and direct costs in relation to future acquisitions undertaken by HLG. However, as these amounts are unknown, they cannot be disclosed.

10.3.4 Payment of Fees by the issue of Stapled Securities

Under the terms of the Services Agreements the Manager has agreed that it will, during the Forecast Period and subject to the Corporations Act, Listing Rules and the Services Agreements, subscribe for Stapled Securities in lieu of the Management Fees, Performance Fees and the Transaction Facilitation Fees it is entitled to during that period. The Manager may however receive GST payable on such fees in cash. See section 12.1.3 for more detail. Stapled Securities will be issued based on the volume weighted average trading price of Stapled Securities on the ASX during the 15 trading days of:

- the date the Base Fee becomes payable, in the case of the Base Fee;
- the issuance to the ASX of the audited 30 June annual accounts, in the case of the Performance Fee; and
- the settlement of the transaction to which it relates, in the case of each Transaction Facilitation Fee.

The Manager is entitled to defer payment of a fee in any circumstances including where it would be unlawful for it to receive fees in the form of Stapled Securities. If there is a deferral, subject to the Constitutions and the Corporations Act, the Stapled Securities will be issued at a price as if there had been no deferral.

10.3.5 Gross property of HLG

The value of the gross property of HLG will for the purposes of the calculation of a fee payable to the Responsible Entity or the Manager be calculated pursuant to valuation principles applying under the relevant Constitution.

10.3.6 Differential fees

The Manager and Responsible Entity do not currently negotiate fees with Securityholders.

10.3.7 Changes to fees

Should the fees payable by Investors as described above change, Investors will be provided at least 30 days notice of any proposed increase in fees.

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10.4 Example of annual fees and costs for HLG

This table gives an example of how the fees and costs in HLG can affect your investment over a 1 year period. You should use this table to compare this Offer with other managed investment products.

EXAMPLE – HLG		BALANCE OF $50,000
Management Costs	Estimated at 1.01%p.a*	For every $50,000 you have in HLG, you will be charged $507 each year.
EQUALS Cost of fund		If you had an investment of $50,000 at the beginning of the year, you would be charged fees of $507*.

*Additional fees may apply: All amounts set out in this Section 10 are inclusive of GST less any input tax credits (to the extent that either are applicable). GST will be payable from the respective entity to which the fee or cost is paid. The Company and the Trust may not be entitled to full or reduced input tax credits in all instances. Amounts are rounded to three decimal places.

1. Offer and HLG establishment related costs have been excluded from the ongoing costs above as it is currently expected that these costs will be one off in nature.

2. The annual Management Costs for HLG as illustrated in the table above comprise administration costs and Trustee Fee of 0.19% p.a. of gross value of HLG's property and a Base Fee of 0.308% p.a. of gross value of HLG's property, which represents 1.01% of HLG's net asset value at Completion. This also assumes that the performance of HLG is in line with the relevant index and hence no Performance Fees are payable.

This example is for the year ending 30 June 2008 and assumes a gross asset value of HLG property of $1.17 billion, and no acquisitions of real property are made during the year.

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Expert Reports



SECTION 11

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PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Securities Ltd
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The Directors
Permanent Investment Management Limited as Responsible Entity of the Hedley Leisure & Gaming Property Trust
Hedley Leisure & Gaming Property Partners Limited
PO Box 7231
CAIRNS QLD 4870

25 June 2007

Subject: Investigating Accountant's Report on Forecast Financial Information

Dear Directors

We have prepared this report on forecast financial information of Hedley Leisure & Gaming Property Trust (the Fund), which comprises Hedley Leisure & Gaming Property Trust (the Trust) and Hedley Leisure & Gaming Property Partners Limited (the Company) for inclusion in a combined Prospectus and Product Disclosure Statement dated on or about 25 June 2007 (the Offer Document) relating to the issue of 36 million stapled securities in the Fund.

Expressions defined in the Offer Document have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Corporations Act 2001 (Cwlth). PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate Australian Financial Services licence.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report (the Report) covering the following information:

(a) Consolidated forecast income statements for the financial years ending 30 June 2008 and 30 June 2009
(b) Consolidated forecast distribution statements for the financial years ending 30 June 2008 and 30 June 2009
(c) Consolidated pro forma balance sheet as at Completion which assumes completion of the Acquisitions and the Offer as disclosed in Section 6.4 of the Offer Document (the pro forma transactions).
(collectively, the Forecasts)

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The Directors
25 June 2007

This Report has been prepared for inclusion in the Offer Document. We disclaim any assumption of responsibility for any reliance on this Report or on the Forecasts to which it relates for any purposes other than for which it was prepared.

Scope of review of Forecast financial information

The Directors of the Responsible Entity and the Directors of the Company are responsible for the preparation and presentation of the Forecasts, including the best estimate assumptions, which include the pro forma transactions, on which they are based. In presenting the forecasts, The Directors of the Responsible Entity and the Company have relied on the Manager, which has prepared the Forecasts.

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Forecasts. These procedures included discussion with the Directors of the Company and the Manager and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecasts and whether, in all material respects, the Forecasts are properly prepared on the basis of the assumptions and are presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Fund disclosed in Section 6.5 of the Offer Document and the Constitution of the Trust (the Constitution) so as to present a view of the Fund which is consistent with our understanding of the Fund’s past, current and future operations.

The Forecasts have been prepared by the Directors to provide investors with a guide to the Fund’s potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 9 of the Offer Document.

Our review of the Forecasts that are based on best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance

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The Directors
25 June 2007

Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecasts included in the Offer Document.

Review statement on the Forecasts

Based on our review of the Forecasts, which is not an audit, and based on an investigation of the reasonableness of the best estimate assumptions giving rise to the Forecasts, nothing has come to our attention which causes us to believe that:

(a) the best estimate assumptions set out in Section 6.6 of the Offer Document do not provide a reasonable basis for the preparation of the Forecasts, and
(b) the Forecasts are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Fund disclosed in Section 6.5 of the Offer Document and the requirements of the Constitution
(c) the Forecasts are unreasonable.
(d) the pro forma balance sheet has not been properly prepared on the basis of the pro forma transactions
(e) the pro forma transactions do not form a reasonable basis for the pro forma balance sheet

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Responsible Entity, the Company or the Manager. If events do not occur as assumed, actual results and distributions achieved by the Fund may vary significantly from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Fund have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

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The Directors
25 June 2007

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully



Paul Lindstrom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 25 June 2007

1 About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by HLG Management Pty Ltd as Manager of the Hedley Leisure & Gaming Property Fund to provide a report in the form of an Investigating Accountant's Report in relation to historical and forecast financial information (the "Report") for inclusion in the Offer Document dated 25 June 2007.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 **This Financial Services Guide**

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 **Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5 **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees have been estimated at $176,000 (inclusive of GST) as disclosed in Section 13.10 of this Prospectus.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6 **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers has acted as taxation adviser to the Offer and has prepared the Taxation Report included in the Offer Document, for which it has been paid or will be paid fees of $176,000 (inclusive of GST).

PricewaterhouseCoopers currently acts as independent auditor of various entities within the Hedley Group and from time to time provides taxation and other advice to the Hedley Group. In the period since 1 July 2006, fees that have been paid or will be paid to PricewaterhouseCoopers in respect of such services are approximately $475,000 (exclusive of GST)., excluding the investigating accountant and taxation adviser services.

7 **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service ("FICS"), an external complaints resolution service. You will not be charged for using the FICS service.

8 Contact Details

PwC Securities can be contacted at the following address:
Paul Lindstrom
PricewaterhouseCoopers Securities Limited
Riverside Centre, 123 Eagle Street, Brisbane QLD 4000.

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The Directors
Permanent Investment Management Limited as Responsible Entity of the Hedley Leisure & Gaming Property Trust
Hedley Leisure & Gaming Property Partners Limited
PO Box 7231
CAIRNS QLD 4870

Dear Ladies and Gentlemen

Taxation Report for Stapled Securities in Hedley Leisure & Gaming Property Fund

We have been asked to prepare this Taxation Report for inclusion in the Prospectus and Product Disclosure Statement.

The information contained in this report is a general description of the tax consequences for Stapled Security holders ('Securityholders') from the holding and disposal of Stapled Securities.

This report is based on Australian income tax legislation and established interpretations of that legislation at the date of this report – however, it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Securityholder. This report does not purport to provide advice to any particular Securityholder, as the taxation position of each Securityholder may vary dependent on the specific circumstances of the Securityholder. Securityholders should obtain professional advice relevant to their specific circumstances.

This report considers the Australian tax consequences for Australian resident Securityholders who hold their investment on capital account. This report does not consider the Australian tax consequences for those Securityholders who hold their investment as trading stock or on revenue account.

Disclaimer

To persons receiving this document in Australia:

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appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

Tax Treatment of Hedley Leisure & Gaming Property Trust

The tax implications for investors of the receipt of trust distributions from Hedley Leisure & Gaming Property Trust will depend upon the classification of Hedley Leisure & Gaming Property Trust. If the Hedley Leisure & Gaming Property Trust were classified as a 'corporate unit trust' or a public trading trust' then, for tax purposes, Hedley Leisure & Gaming Property Trust would be treated as if it were a company, and distribution from Hedley Leisure & Gaming Property Trust would be treated as if they were dividends.

a) Corporate Unit Trust

A unit trust will be classified as a corporate unit trust if, in addition to other factors, the unit trust is an 'eligible unit trust'. An eligible unit trust is a unit trust which has acquired property or a business from a company (or an associate) under an arrangement whereby a shareholder in the company is granted a right or an option, including a preference or advantage, to acquire directly or indirectly a unit or units in the unit trust.

We understand that no property has been acquired by Hedley Leisure & Gaming Property Trust in any transactions that would result in Hedley Leisure & Gaming Property Trust being classified as a Corporate Unit Trust.

b) Public Trading Trust

A unit trust will be classified as a public trading trust if, in addition to other factors, the unit trust is a 'trading trust'. A trading trust is a unit trust that carries on a 'trading business', or controls another entity carrying on a trading business. A trading business is a business that does not consist wholly of 'eligible investment business. Eligible investment business means investing in land for the purpose of, or primarily for the purpose of, deriving rent, or investing or trading in any or all of a range of financial securities.

You have advised us that all of the activities that are to be undertaken by Hedley Leisure & Gaming Property Trust will relate to the leasing of land and buildings for the purpose, or primarily for the purpose, of deriving rent. On this basis, the activities of Hedley Leisure & Gaming Property Trust will consist wholly of eligible investment business. Therefore, on the basis of the above, Hedley Leisure & Gaming Property Trust will not be a public trading trust.

We note that whether or not the Hedley Leisure & Gaming Property Trust will be classified as a public trading trust will be determined by considering the activities of the trust on a year by year basis. Accordingly, you have advised us that the future activities of Hedley Leisure & Gaming Property Trust will be consistent with the above activities. Should the future activities of Hedley Leisure & Gaming Property Trust include activities that are not considered an eligible investment business, then Hedley Leisure & Gaming Property Trust would be classified as a public trading trust for the relevant income years.

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c) Trust Losses

To the extent to which Hedley Leisure & Gaming Property Trust incurs an income tax loss for a year of income, the loss cannot be distributed to securityholders. However, subject to the satisfaction of certain tests, the loss may be carried forward to offset the net (taxable) income of Hedley Leisure & Gaming Property Trust in subsequent years.

Similarly, a net capital loss incurred by Hedley Leisure & Gaming Property Trust for a year of income cannot be distributed to securityholders but may be carried forward to offset capital gains made by Hedley Leisure & Gaming Property Trust in subsequent years. The carry forward of a net capital loss is not subject to the same tests which apply to the carry forward of income tax losses.

d) Present Entitlement

On the basis that unitholders of the Hedley Leisure & Gaming Property Trust have a "present entitlement" to the net income of the trust at the end of Accounting Period, no tax will be payable by the Responsible Entity on behalf of Hedley Leisure & Gaming Property Trust.

Based on our review of the Trust Deed of Hedley Leisure & Gaming Property Trust, we are satisfied that all unitholders will have a present entitlement to the net income of the trust at the end of each Accounting Period.

Tax Implications for Investors

Trust Distributions

Subject to the comments below, Securityholders will be assessed on their proportionate share of the trusts' net taxable income each year.

Securityholders will still be assessed on the assessable components of any trust distributions which are not physically received by them because the distributions have been reinvested.

Trust distributions will be assessable in the year of income in which the Securityholder is entitled to their share of the net income of Hedley Leisure & Gaming Property Trust, rather than in the year of income in which the distribution is received or reinvested by the Securityholder.

(a) Tax Deferred Component

A trust distribution may contain a tax deferred component. The tax deferred component of a trust distribution represents the amount by which the amount distributed exceeds the net taxable income of the trust. Such a mismatch might arise because an expense is recognised for tax purposes but not for accounting purpose (for example, building allowances).

It is the practice of the Commissioner of Taxation to treat the tax deferred component of a trust distribution as not being assessable when received. But for capital gains tax

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purposes, the cost base of the units will be decreased by the amount of the tax deferred distribution.

To the extent a tax deferred distribution exceeds the cost base of the units, the cost base will be reduced to $nil and any excess will be assessable as a capital gain.

If the units have been held by the Securityholder for at least 12 months, then the amount of any capital gain may be reduced by the 50% CGT discount for the purposes of calculating the amount of the net capital gain for inclusion in the Securityholder's assessable income. The capital gain must be offset by any available capital losses before applying the CGT discount.

The non-assessable part of a trust distribution which is due to the distribution of a discounted capital gain is not a tax deferred component of the trust distribution and will not have the capital gains tax consequences as described above.

(b) Capital Gain Component

If a trust distribution contains a capital gain component, for example because the Trust has disposed of CGT assets at a gain, then the capital gain component of the trust distribution may be offset against available capital losses of the securityholder, and the securityholder will be assessed on the amount of the net capital gain.

If the property which is the source of the capital gain has been held by Hedley Leisure & Gaming Property Trust for at least 12 months, then the amount of the capital gain may be reduced by the 50% CGT discount.

When the securityholder receives their share of the discounted capital gain through a trust distribution received from Hedley Leisure & Gaming Property Trust, the securityholder will be required to gross up the discounted capital gain for the purposes of offsetting any capital losses before applying the CGT discount.

The receipt of the non-assessable part of a capital gain which arises from the application of the CGT discount will not affect the securityholder's cost base in the unit trust as such amount is not considered a tax deferred component.

Dividend Income

To the extent Hedley Leisure & Gaming Property Partners Limited has distributable profits, and pays dividends, the securityholder will be assessed on the dividends received.

If the dividends are wholly or partly franked, then the securityholder will also be assessed on an additional amount equal to the franking credit. The securityholder will then be allowed a tax offset equal to the additional amount.

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Disposal of Securities

Where a Stapled Security is disposed of, it will constitute the disposal of a Unit and a Share.

Where consideration is received in connection with a transaction that relates to more than one CGT asset (eg Hedley Leisure & Gaming Property Trust Units and Hedley Leisure & Gaming Property Partners Limited Shares), the capital proceeds for each asset is so much of the total consideration as is reasonably attributable to that asset. Accordingly, the capital proceeds referable to the disposal of each individual Hedley Leisure & Gaming Property Trust Unit and Hedley Leisure & Gaming Property Partners Limited Share will be determined by apportioning the capital proceeds in respect of the disposal of the Stapled Security on a reasonable basis.

Upon disposal of a Stapled Security, a Securityholder will make a capital gain if:

- the portion of the consideration reasonably attributable to a Unit exceeds the cost base (as adjusted for any tax deferred distributions received) of the Unit; and
- the portion of the consideration reasonably attributable to the Share exceeds the cost base of the Share.

A Securityholder will make a capital loss if:

- the portion of the consideration reasonably attributable to a Unit is less than the reduced cost base of the Unit (as adjusted for any tax deferred distributions received); and
- the portion of the consideration reasonably attributable to the Share is less than the reduced cost base of the Share.

Securityholders will have to determine the basis of apportionment of the sale proceeds across the Hedley Leisure & Gaming Property Trust Units and the Hedley Leisure & Gaming Property Partners Limited Shares.

It should be noted that it is possible that a Securityholder may, upon sale of a Stapled Security, make a capital gain on one component of the security and a loss on the other component.

If the stapled security has been held by the securityholder for at least 12 months prior to disposal, then the amount of any capital gain may be reduced y the 50% CGT discount for the purposes of calculating the amount of the net capital gain for inclusion in assessable income. The capital gain must be offset by any available capital losses before applying the CGT discount.

Goods & Services Tax

Securityholders will not be liable to pay GST in respect of the acquisition or disposal of Stapled Securities.

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Withholding of Tax

If Hedley Leisure & Gaming Property Services Limited is required by law to pay any tax in respect of a trust distribution, then it will deduct an amount of the tax from the distribution and pay the securityholder the net amount of the distribution.

(i) Non-quotation of Tax File Number (TFN) or Non-quotation of Australian Business Number (ABN)

Securityholders who do not provide Hedley Leisure & Gaming Property Services Limited with their TFN or ABN or proof of an exemption will have 46.5% withheld from the amount of the trust distribution to which they are entitled, and paid to the ATO on their behalf, Securityholders can claim a credit for amounts withheld through the lodgement of their income tax return.

(ii) Non resident Income Tax

If the securityholder is a non-resident, the responsible entity of Hedley Leisure & Gaming Property Trust will be taxed at non-resident income tax rates on the assessable component of the non-resident securityholder's trust distribution. Non-resident investors can claim a credit for the amount of tax paid by the responsible entity through lodgement of their income tax return.

Yours faithfully



Scott Bryant
PricewaterhouseCoopers

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Material Contracts



SECTION 12

12.1 Fund Documents

Set out below are broad summaries of the material aspects of certain contracts relating to HLG that the Directors consider are significant or material to HLG and that Investors and their professional advisers would reasonably require to make an informed assessment of the Offer "Material Contracts".

The Material Contracts are generally lengthy and complex documents. To fully understand all rights and obligations relating to the Material Contracts, it is necessary to read them in their entirety. Investors may obtain copies (free of charge) of the:

- Trust Constitution;
- Company Constitution;
- Stapling Deed; and
- Distribution Reinvestment Plan.

by contacting Hedley Leisure Gaming Property Trust Stapled Security Offer Information Line on 1800 208 106.

12.1.1.a Trust Constitution

The Trust is a unit trust. It was registered with ASIC as a managed investment scheme on 4 June 2007.

The Trust Constitution contains the primary provisions dealing with the powers of the Responsible Entity and the rights and interests of Securityholders in relation to their holding of Units.

The Trust Constitution deals with, among other matters, the following:

- (Units) the issue and transfer of Units;
- (Duration) the Trust will continue until 31 December 2061 or terminated as required under law or if the Responsible Entity elects to terminate the Trust on written notice to Unitholders in accordance with the Corporations Act and the Trust Constitution;
- (Income) Unitholders are entitled to a share in the Trust's income for each financial year proportional to their Unit holding. The Trust's income is determined by the Responsible Entity and is generally the taxable income of the Trust for the relevant period;
- (Redemptions) the Responsible Entity is not obliged to redeem Units;
- (Member's liability) the liability of Unitholders is stated to be limited to the amount paid or payable in respect of their Units although the effectiveness of this has not yet been conclusively determined by the Australian Courts;
- (Responsible Entity's powers and rights) all powers are conferred on the Responsible Entity that it is possible to confer, including the exclusive right to manage and control the Trust and its assets. This means the Responsible Entity may determine and change the investment policy of the Trust from time to time and is not restricted in the types of investments or assets that the Trust can invest in. The Responsible Entity may:
  - authorise any person to do any thing the Trustee may lawfully do; and
  - engage any managers or advisers in connection with the performance of its duties, and rely and act on any advice, opinion or other information provided by those managers and advisers.
- (Responsible Entity's indemnity and expense recovery) the Responsible Entity is entitled to be indemnified for and recover from the assets of the Trust all expenses incurred in the proper exercise of its powers under the Trust Constitution;

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- (Responsible Entity's fees) the Responsible Entity is entitled to Base Fee of 2% per annum of the value of the Trust's assets, payable six monthly in arrears. The Responsible Entity may elect to receive less fees. Subject to law and the Listing Rules the Trustee may subscribe for that number of Units (or where stapling applies, that number of Stapled Securities) equal to the Base Fee divided by the volume weighted average trading price of all Units or Stapled Securities (as the case may be) traded on the ASX during the first 15 trading days after the end of the relevant financial year and applying the Base Fee as payment of the issue price of those securities.
- (Complaints) the Responsible Entity must acknowledge complaints from a Unitholder within 30 days of its receipt of that complaint and within a further 45 days communicate to the complainant its decision in relation to the complaint;
- (Proportional takeover bid) transfers in response to an offer made under a proportional takeover bid may be prohibited without a resolution of Unitholders;
- (Small holdings) except during a full takeover bid, the Responsible Entity may sell any Units held by a Unitholder which comprise less than a Marketable Parcel (as defined by the ASX Business Rules); and
- (Voting) on a show of hands, each Unitholder has one vote and on a poll each Unitholder has one vote for each dollar of the value of the total Units they have in the Trust.

The Corporations Act and the ASX Listing Rules also regulate the Trust Constitution and the operation of the Trust as a managed investment scheme. A summary of the modifications of the Corporations Act and waivers from the ASX Listing Rules that affect the Trust is set out in section 13.

12.1.1.b Company Constitution

The Company is an Australian public company limited by shares and was registered on 3 April 2007 under the Corporations Act.

The Company Constitution deals with, among other matters, the following:

- (Dividends) the directors of the Company may determine that dividends will be paid. Interest is not payable in respect of an unpaid dividend;
- (Rights of Shareholders) the rights and interests of Shareholders, which include rights to attend meetings and participate in a winding up;
- (Directors) the rights and obligations of Directors, including their:
  - appointment, election, removal, retirement remuneration;
  - powers which include for example full powers to invest and manage assets of the Company. This means subject to the law they may determine and change the investment policy of the Company from time to time and are not restricted in the types of investments or assets that the Company can invest;
  - right to appoint the Manager to manage the affairs of the Company and delegate to the Manager any powers which may lawfully be delegated by the Directors; and
  - rights to be indemnified against losses and expenses incurred as officers of the Company.
- (Proportional takeover bid) transfers in response to an offer made under a proportional takeover bid may be prohibited without a resolution of Shareholders;
- (Small holdings) except during a full takeover bid, the Company may sell any Shares held by a Shareholder which comprise less than a Marketable Parcel (as defined by the ASX Business Rules); and
- (Voting) subject to the ASX Listing Rules, and if all Shares are fully paid, every Share has one vote.

The Corporations Act and the ASX Listing Rules also regulate the Company Constitution and operation of the Company. A summary of the waivers from the ASX Listing Rules that affect the Company is set out in section 13.

12.1.1.c Stapling and the Trust Constitution and the Company Constitution

Each of the Trust Constitution and Company Constitution in addition to matters described above:

- permits the stapling in the future of other securities to the Stapled Securities without the approval of Stapled Securityholders;
- are consistent with the provisions of the Stapling Deed as they relate to stapling (i.e. that Shares and Units must only be issued, transferred or otherwise dealt with as a single Stapled Security), allocation of issue price, joint member registers of the Trust or the Company and its members as a whole; and
- provide that the provisions relating to stapling may only cease to apply or be suspended if
  - an insolvency event occurs in respect of the Trust or the Company, and the Company or the Responsible Entity (as the case may be) terminates or suspends the stapling provisions); or
  - if the Stapled Securityholders pass a special resolution.

12.1.1.d Stapling deed

Each of the Responsible Entity and the Company (Issuers) have entered into a stapling deed under which and among other things:

- (Stapled Security) each Share will be stapled to one Unit so that each may only be issued, transferred or otherwise dealt with as a single Stapled Security;
- (Cooperation and Consultation) each of the Issuers will agree to cooperate on many issues for the purposes of HLG, however each will remain separate legal entities without exercising control over one another. The Issuers will deal with day to day issues concerning HLG as a whole such as setting common investment parameters and in their dealings with, and payment of fees to, the Manager;
- (Allocation of Issue Price) each of the Issuers must agree on the basis, from time to time, on which the issue price of a Stapled Security will be apportioned between each security of the Company and the Trust;
- (Registers) the Issuers may maintain a joint register of members that hold Stapled Securities;
- (Termination of stapling) the stapling can only be terminated (permanently or temporarily) if;
  - an insolvency event occurs in respect of the Trust or the Company, and the other party terminates or suspends the stapling provisions); or
  - if the Stapled Securityholders pass a special resolution.
- (Dispute Resolution) if there are disagreements about stapling issues, each of the Issuers must use their best efforts to resolve them and negotiate in good faith before instituting formal proceedings.

12.1.2 Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") offered by the Issuers permits Stapled Securityholders resident in Australia or New Zealand to reinvest Distributions in Stapled Securities. Key features include:

- participation is optional, and can be varied or withdrawn as set out in the DRP;
- the ability to participate in respect of all or only some of an Investor's Stapled Securities (up to a maximum limit which may be set by the Company and the Responsible Entity);
- the Company and the Responsible Entity have the ability to issue new Stapled Securities or to cause Stapled Securities to be acquired in the market (in such a manner as the Company and Responsible Entity consider appropriate) for transfer to the participant, or a combination of both;

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- Stapled Securities are allocated at the market price as set out in the DRP, being the arithmetic average of the daily volume weighted average price of each Stapled Securities sold in a defined calculation period on the market operated by the ASX excluding specified trades and other trades the Company and Responsible Entity consider are not fairly reflective of natural supply and demand, or the market price, discounted by an amount if, and to the extent, determined by the Company and Responsible Entity;
- all Stapled Securities allocated under the DRP are allocated on the terms disclosed in the DRP and will, from the date of registration, rank equally in every respect with the existing Stapled Securities and participate in all Distributions subsequently declared or determined to be payable; and
- The Company and Responsible Entity may at any time in their absolute discretion resolve to vary the DRP and any agreement relating to the DRP, suspend the operation of the DRP, recommence the operation of the DRP, or terminate the DRP.

12.1.3 Services Agreements

Each of the Responsible Entity and the Company (Issuers) will each enter into a separate, but materially similar, Services Agreement with the Manager and in the case of the Responsible Entity with TWH (QLD). Refer to Section 5.3 for further details of the Manager, and Section 5.3 for an overview of fees payable to the Manager.

In addition to the information referred to in those Sections referred to above, the Services Agreements provide that:

- (Services) the Manager is appointed to provide management, property management, acquisition, investment, advisory, and general administrative services (eg company secretarial, preparation of financial reports) to the Issuers. It is also required to provide a Chief Executive Officer and Chief Financial Officer to HLG;
- (Delegation to Manager) The Issuers delegate day to day control of their assets to the Manager;
- (Investment Committee) HLG and the Manager have appointed an investment committee, which is comprised of the directors of the Company. The investment committee is an advisory committee, which liaises between the Manager and the Responsible Entity, and the Company and the Manager and receives all reports and recommendations of the Manager in respect of the Portfolio, and makes advisory recommendations to the Responsible Entity and the Company in respect thereof;
- (Action on advice) The Manager's advice will be reviewed for compliance with the law, the Trust and the Company's Constitutions, the Common Parameters, the Service Agreements and the interests of Securityholders. Assuming such compliance, the Responsible Entity and the Company must follow the Manager's advice.
- (Term) the appointment of the Manager will initially be for 10 years, unless terminated by:
  - the Manager if:
    - at any time by giving the Issuers 90 days prior written notice; or
    - an insolvency event occurs in relation to an Issuer;
  - the Issuers by giving to the Manager prior written notice in a variety of situations that include if:
    - the Manager does not provide adequately skilled and experienced personnel to provide services under the Services Agreements and fails to remedy that deficiency within 60 days to the Issuers' satisfaction;
    - an insolvency event occurs in relation to the Manager;
    - if the Manager ceases to carry on business;
    - the Manager materially breaches the Services Agreement and fails to remedy the breach within 20 days of receiving written notice from the Issuer requiring it to do so.

If a Service Agreement has not been terminated prior to the expiry of the 10 year term:

- the Manager may terminate the agreement on three months written notice;
- the agreement may continue on a day to day basis until terminated by an ordinary resolution of members on three months notice; or
- may be extended for a further term of 10 years with the approval of an ordinary resolution of members.

- (Effect of termination) upon termination the outgoing Manager will receive all Base Fees, Performance Fees and Transaction Fees accrued to termination, and the Issuers must not make any Distribution until those fees are paid;
- (Non-exclusivity) the Manager may perform similar investment, advisory and administration services performed for the Issuer, for itself and other persons;
- (Base Fees, Performance Fees and Transaction Fees) The Manager is entitled to receive Base Fees, Performance Fees and Transaction Fees (see section 10);
- (Waiver of Fees) The Responsible Entity, the Company and the Manager may agree from time to time to waive the fees payable by the Responsible Entity and to have those fees paid by the Company or vice versa;
- (Expenses) The Manager is liable to bear only certain specified costs and expenses relating to the provision of its services (including specified: rent and overheads, IT costs, and costs of persons providing the services (such as the Chief Executive Officer's and Chief Financial Officer's salary)). The Responsible Entity bears all costs and expenses which are not specified as being borne by the Manager;
- (Responsible Entity's Limitation of Liability) The Responsible Entity's contract is as responsible entity of the Trust only and in no other capacity. The Responsible Entity ceases to have any obligations if it ceases to be responsible entity, is not obliged to meet in any liability whatsoever other than from the assets of the Trust, and its liability is otherwise limited;
- (Indemnity) each of the Manager and the Responsible Entity indemnify the other in respect of certain liabilities;
- (Method of Paying Manager) The Manager must subscribe for Stapled Securities of an amount equal to any Base Fees, Performance Fees or Transaction Fees to which it is entitled. Such Stapled Securities are issued on the basis of their volume weighted average trading price. Referable GST is paid in cash (see section 10.3.4) Stapled Securities so issued to the Manager must be held in escrow for 12 months after their issue; and
- (Guarantee by TWH (QLD)) under the Services Agreement to which the Responsible Entity is a party, TWH (QLD) guarantees in favour of the Responsible Entity the payment to the Responsible Entity of its fees, and certain expenses, and the Manager's performance of the Manager's obligations under the Services Agreement and indemnifies the Responsible Entity in respect thereof.

12.1.4 Custody deeds

The Responsible Entity and Trust Company Limited ("TCL") have entered into a custody deed with respect of the assets of the Trust, appointing TCL the custodian of those assets. The custody deed requires TCL to hold interests in property, cash in a bank account and securities in its own name but such that ownership must be clearly recorded on its books as belonging to the Trust and not TCL. The Responsible Entity indemnifies the TCL for any action taken or omitted to be taken by TCL in accordance with a proper instruction provided by the Responsible Entity and from all claims, expenses, demands, damages, losses and liabilities relating to assets and the holding of assets under the custody deed.

TCL is permitted to, and has, delegated its obligations to hold the assets of the Trust to the Custodian pursuant to a sub-custody deed between TCL and the Custodian. The sub-custody deed is in substantially the same form as the custody deed between the Responsible Entity and TCL.

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12.2 Leases

The tenants of the Portfolio are either Coles, the ASX Listed NLG (including Grant Samuel Pub Operations) and Hedz, all of which operate under respective standard lease agreements for all existing tenancies and any future tenancies.

Key features of the leases with Coles are as follows[1]

Term	15 years with 5 additional terms of 5 years.
Payment of Rent	Rent is payable on the 15th of the month.
Initial rent	As specified in the relevant lease.
Annual rent adjustment	The annual increase[2] is the lesser of: (i) 2 times the average CPI (Brisbane) increase over the previous 5 years; and (ii) 4% per annum, except for the bottle shop leases, where the annual increase is 4% per annum.
Market rent adjustment	There are no market reviews as the annual rent adjustment applies for the term of the lease including options to extend.
Termination	Events of termination under the lease are: (i) rent in arrears for more than 14 days (whether or not demanded); (ii) other moneys payable under the lease in arrears for more than 21 days after demand for payment; (iii) failure to effect repairs within a reasonable time; (iv) usual insolvency events in respect of the tenant; (v) assignment by the tenant in breach of the lease conditions.
Dealings	The tenant is not permitted to assign its interest in a lease without the written consent of the landlord which cannot be refused if the proposed assignee is a respectable and financially responsible person with appropriate expertise to carry on the business conducted at the hotel and the proposed assignee enters into a deed with the landlord. However[2], with the exception of the bottle shop leases, Coles continues to remain liable under the lease until the end of the then current lease term. The tenant may grant a sub-lease provided it obtains a deed in favour of the landlord in the terms specified in the lease.
First and Last Right of Refusal – freehold	The tenant has the first and last right of refusal to acquire the freehold of the leased premises if they are to be disposed of. Disposal includes: (i) a change of control of the Trust (which is where a person other than TWH (QLD) as trustee for the TWH (QLD) as trustee for the Tom Hedley Family Trust no longer holds more than 50% of the Units of the Trust or the capacity to control the financial and operating policies or management of the Trust; and (ii) a change of the responsible entity of the Trust without the landlord first obtaining the tenant's consent. If the lease is not renewed, the rights continue for 3 years after the lease expires.

First and Last Right of Refusal – new lease	If the lease is not renewed, the landlord cannot grant a new lease to a third party unless it offers a new lease to Coles and Coles does not exercise its rights of first and last refusal to take that new lease. A subsequent lease to a related body corporate of HLG will also include these rights but only for three years from the expiry of the lease to Coles.
Licenses	The tenant maintains use of gaming and liquor licences during the period that Coles is the tenant. At expiry of the lease or in the event that the tenant defaults, all licenses (other than additional gaming operating authorities acquired by the tenant after the lease commenced) are at the direction of HLG.[3]
Landlord's option to purchase	The landlord has an option to purchase the tenant's assets (plant, equipment, stock etc) and additional gaming operating authorities acquired by the tenant after the lease commenced.[3]
Operating Expenses	The tenant must reimburse the landlord for rates and other periodic charges for the premised (other than land tax in Queensland), insurance premiums on landlord's industrial special risks policy and maintenance costs for common areas.
Repairs	Tenant is to keep the premises in good repair (fair wear and tear excepted). Landlord is responsible for structural repairs and improvements. Landlord must also replace plant and equipment where repair becomes uneconomical.

1 the terms of the Regatta hotel lease vary from the standard. The lease is in the process of being surrendered and a new lease is to be executed in the standard terms.
2 hotel leases that vary from the standard are being amended.
3 does not apply to bottle shop leases.

Key features of the leases with Grant Samuel Pub Operations ("GSPO") are as follows

Term	1 year 2 months with an additional term of 30 years and 2 further additional terms of 15 years.
Payment of Rent	Rent is payable monthly in advance on the 1st day of each month.
Initial rent	As specified in the relevant lease.
Annual rent adjustment	3.75% per annum at each anniversary date.
Market rent adjustment	At each option term renewal, market adjustment at a cap of 13.75% and floor of 3.75% of the last annual rent.
Termination	Events of termination under the lease are: (i) rent in arrears for more than 14 days (whether or not demanded); (ii) other moneys payable under the lease in arrears for more than 21 days after demand for payment; (iii) failure to effect repairs within a reasonable time; (iv) usual insolvency events in respect of the tenant; (v) assignment by the tenant in breach of the lease conditions.
Dealings	The tenant is not permitted to assign or sub-lease its interest in each lease without the written consent of the landlord.

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First Right of Refusal - freehold	The tenant has the first and last right of refusal to acquire the freehold of the leased premises if they are to be disposed of. Disposal includes: (i) a change of control of the Trust; and (ii) a change of the Responsible Entity. If the lease is not renewed, then the rights continue for 3 years after the lease expires.
First Right of refusal - new lease	If the lease is not renewed, the landlord cannot grant a new lease to a third party unless it offers a new lease to GSPO and GSPO does not exercise its right of first refusal to take that new lease.
Landlord's option to purchase	The landlord has an option to purchase the tenant's assets (plant, equipment, stock etc).
Operating Expenses	The tenant must reimburse the landlord for rates and other periodic charges for the premised (other than land tax in Queensland), insurance premiums on landlord's industrial special risks policy and maintenance costs for common areas.
Repairs	Tenant is to keep the premises in good repair (fair wear and tear excepted). Landlord is responsible for structural repairs and improvements. Landlord must also replace plant and equipment where repair becomes uneconomical.
Licenses	The tenant maintains use of gaming and liquor licences during the period that GSPO is the tenant. At expiry of the lease or in the event that the tenant defaults, all licenses are at the direction of HLG.

Key features of the leases with NLG are as follows

Term	15 years with 2 additional terms of 10 years.
Payment of Rent	Rent is payable monthly in advance.
Initial rent	As specified in the relevant lease.
Annual rent adjustment	3.75% per annum at each anniversary date with the exception of the two Brewhouse Pubs (which are at the greater of 3.25% per annum or CPI (to a maximum of 7% per annum) at each anniversary date).
Market rent adjustment	At each option term renewal and the fifth year of the option term, market adjustment with a cap of the last annual rent plus 13.75% and a floor of 3.75% of the last annual rent, with the exception of the two Brewhouse hotels which have no cap and floor of 3.25% of the last annual rent.
Termination	Events of termination under the lease are: (i) rent in arrears for more than 14 days (whether or not demanded); (ii) other moneys payable under the lease in arrears for more than 21 days after demand for payment; (iii) failure to effect repairs within a reasonable time; (iv) usual insolvency events in respect of the tenant; (v) assignment by the tenant in breach of the lease conditions.
Dealings	The tenant is not permitted to assign or sub-lease its interest in each lease without the written consent of the landlord. The landlord has a first right of refusal to acquire the tenant's business.

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First Right of Refusal - freehold	The tenant has the first and last right of refusal to acquire the freehold of the leased premises if they are to be disposed of. Disposal includes: (i) a change of control of the Trust (which is where a person other than TWH (QLD) as trustee for the TWH (QLD) as trustee for the Tom Hedley Family Trust no longer holds more than 50% of the Units of the Trust or the capacity to control the financial and operating policies or management of the Trust; and (ii) a change of the responsible entity of the Trust without the landlord first obtaining the tenant's consent. If the lease is not renewed, the rights continue for 3 years after the lease expires.
First Right of Refusal – new lease	If the lease is not renewed, the landlord cannot grant a new lease to a third party unless it offers a new lease to NLG and NLG does not exercise its rights of first and last refusal to take that new lease. A subsequent lease to a related body corporate of HLG will also include these rights but only for three years from the expiry of the lease to NLG.
Operating Expenses	The tenant must reimburse the landlord for rates and other periodic charges for the premised (other than land tax in Queensland), insurance premiums on landlord's industrial special risks policy and maintenance costs for common areas.
Repairs	Tenant is to keep the premises in good repair (fair wear and tear excepted). Landlord is responsible for structural repairs and improvements. Landlord must also replace plant and equipment where repair becomes uneconomical.
Licenses	At expiry of the lease or in the event that the tenant defaults, all licenses (other than additional gaming operating authorities acquired by the tenant after the lease commenced) are at the direction of HLG.
Landlord's option to purchase	The landlord has an option to purchase the tenant's assets (plant, equipment, stock etc).

Key features of the leases with Hedz are as follows

Term	30 years with 2 additional terms of 15 years.
Payment of Rent	Rent is payable monthly in advance.
Initial rent	As specified in the relevant lease.
Annual rent adjustment	3.75% per annum at each anniversary date.
Market rent adjustment	At each option term renewal, market adjustment at a cap of 13.75% and floor of 3.75% of the last annual rent.

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Termination	Events of termination under the lease are: (i) rent in arrears for more than 14 days (whether or not demanded); (ii) other moneys payable under the lease in arrears for more than 21 days after demand for payment; (iii) failure to effect repairs within a reasonable time; (iv) usual insolvency events in respect of the tenant; (v) assignment by the tenant in breach of the lease conditions.
Dealings	The tenant is not permitted to assign or sub-lease its interest in each lease without the written consent of the landlord.
First Right of refusal - new lease	If the lease is not renewed, the landlord cannot grant a new lease to a third party unless it offers a new lease to GSPO and GSPO does not exercise its right of first refusal to take that new lease.
Landlord's option to purchase	The landlord has an option to purchase the tenant's assets (plant, equipment, stock etc) and additional gaming operating authorities acquired by the tenant after the lease has commenced.
Operating Expenses	The tenant must reimburse the landlord for rates and other periodic charges for the premised (other than land tax in Queensland), insurance premiums on landlord's industrial special risks policy and maintenance costs for common areas.
Repairs	Tenant is to keep the premises in good repair (fair wear and tear excepted). Landlord is responsible for structural repairs and improvements. Landlord must also replace plant and equipment where repair becomes uneconomical.
Licenses	The tenant maintains use of gaming and liquor licences during the period that Hedz is the tenant. At expiry of the lease or in the event that the tenant defaults, all licenses are at the direction of HLG.

12.3 SUMMARY OF ACQUISITION CONTRACTS

12.3.1 Contract with Gaming Asset Management Pty Ltd

The Custodian entered into a contract with Gaming Assets Management Pty Ltd (GAM) on 16 April 2007, to purchase, for a total purchase price of $112,000,000 (excluding stamp duty and other costs), the following Pubs:

- Livingstone Hotel, Petersham, NSW
- Lidcombe Hotel, Lidcombe, NSW
- Keighery Hotel, Auburn, NSW
- Royal Hotel, Granville, NSW
- El Cortez Hotel, Canley Heights, NSW
- Mt Druitt Cedars Tavern, Emerton, NSW
- St Marys Hotel, St Marys, NSW

The contract provides that:

- completion is scheduled to take place on 29 June 2007;
- the Custodian acquires the land, the hotel building, the hotel licence, and the poker machine entitlements (but not the hotel businesses);
- a non-refundable cash sum of $626,000 be paid to the vendor; and
- the sale is conditional on the completion of a contract between GAM and National Leisure & Gaming Limited (NLG) entered on 14 April 2007, for NLG to purchase the hotel businesses and enter into long term leases of all Pubs with GAM prior to the Custodian's acquisition of the Pubs. The leases are in a form approved by the Custodian. NLG has indemnified the Custodian in respect of non-completion of NLG's business purchase contract and the land sale contract.

12.3.2 Contracts with Iris Hotel Group Pty Ltd

The Custodian entered into a Put and Call Option Deed with the Iris Hotel Group Pty Ltd on 20 February 2007 in relation to 9 contracts, relating to the following Pubs and land:

- Bankstown Club (Oasis) Hotel, Bankstown, NSW
- Cabramatta Inn Hotel, Cabramatta, NSW
- Campbelltown Club Hotel, Campbelltown, NSW
- Canterbury Club Hotel, Canterbury, NSW
- Revesby Pacific Hotel, Revesby, NSW
- Eastwood Hotel, Eastwood, NSW
- Leumeah Club Hotel, Leumeah, NSW
- Mount Annan Club Hotel, Mount Annan, NSW
- Wattle Grove Club Hotel, Wattle Grove, NSW

The options must be exercised (if at all) between 1 July 2007 and 13 July 2007. Completion of the 9 Land Contracts would take place 7 days after exercise. A $10 million deposit has been paid by way of ANZ Bank Guarantee.

The 9 interdependent Land Contracts provide:

- the total purchase price is $180,420,000 (excluding stamp duty and other costs);
- the Custodian acquires the land, the hotel buildings, the hotel licences and poker machine entitlements;
- the vendor has agreed to accept $45 million of the purchase price in Vendor Securities; and
- that the vendor must grant to each business owner a lease in a form approved by the Custodian.

12.3.3 Contracts with CHG Hotel Group

The Custodian entered into contracts with various vendor entities in the CHG Hotel Group on 18 April 2007 to purchase for a total purchase price of $45,000,000 (excluding stamp duty and other costs), the following Pubs:

- Western Tavern, Mt Gambier SA
- Brighton Metro Hotel, Brighton SA

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- Payneham Tavern, Royston Park SA
- Grand Junction Tavern, Pennington SA
- Waterloo Station Hotel, Paralowie SA

The interdependent contracts provide:

- a $2,250,000 deposit be paid by way of ANZ Bank Guarantee;
- each sale includes the land and buildings, but not the liquor licences, gaming machine licence or gaming machine entitlements;
- that each vendor was obliged to grant to each business owner a lease in a form approved by the Custodian; and
- completion will occur 5 Business days after Listing of the Trust or on 30 July 2007, whichever is earlier (subject to some formalities relating to liquor licensing).
- completion is conditional on the completion of related business acquisition contracts by Hedz No. 14 Pty Ltd.

12.3.4 Contract with Brixmond Pty Ltd

Two interdependent contracts were exchanged on 16 April 2007:

- a State Leasehold Contract under which the Custodian agreed to acquire from Brixmond Pty Ltd the state leasehold land and improvements thereon more commonly described as corner of Marian & Miles Streets, Mt Isa, on which is located the Mt Isa Hotel (the “Mt Isa Land Contract”); and
- a contract between Hedz Pty Ltd and Brixmond Pty Ltd under which Hedz Pty Ltd agreed to acquire the hotel business conducted from the land (“related business contract”).

Under the Mt Isa Land Contract:

- the Custodian agreed to pay a purchase price of $1,920,000 (excluding stamp duty and other costs) in respect of the land and buildings;
- completion will take place on the business day following the completion of the related business contract;
- a $192,000 deposit was paid by way of an bank guarantee;
- for each of the 5 leasehold parcels the 30 year lease commenced on 1 July 1995 with the state giving the tenant exclusive use of the leased land. The leases will be converted to freehold tenure upon the payment of the purchase price noted in each lease. The total of the 5 lease purchase prices is $228,350; and
- the Custodian acquired three shops in addition to the Pub.

Completion of the related business contract will be the later of 2 July 2007 or the Monday following the approvals of the buyer’s gaming machine licence application and liquor licence transfer application. Application has been made in accordance with the terms of the related business contract for a gaming machine licence endorsed with 30 operating authorities (western region) and for a transfer of the existing liquor licence.

12.3.5 Contract with Bushland Resort Pty Ltd

The Custodian entered into a Put and Call Option Agreement with Bushland Beach Resort Pty Ltd on 15 March 2007 relating to the following Pub:

- Bushland Beach Resort, Bushland Beach, QLD.

The options can be exercised between 1 July 2007 and 5 July 2007, with the land contract being completed on the business day following the completion of a related business contract.

The purchase price of the Pub is $9,500,000 (excluding stamp duty and other costs). A $50,000 deposit has been provided by way of a bank guarantee.

12.3.6 Contract with R Cruickshank

Two interdependent contracts were exchanged on 21 February 2007:

- the Custodian agreed to acquire from R Cruickshank the land and improvements thereon commonly described as 2 Moonee Beach Road, Moonee NSW, being the Moonee Beach Tavern and ten retail shops (the "Moonee Beach Land Contract"); and
- Hedz No. 10 Pty Ltd agreed to acquire the hotel business from Vidcor Pty Ltd (the "Business Contract").

The Moonee Beach Land Contract provides;

- that the Custodian pay a total purchase price of $8,150,000 (excluding stamp duty and other costs) (which amount includes plant and equipment);
- a 10% deposit was payable by way of a bank guarantee;
- a completion date of 2 July 2007; and
- that the contract is conditional upon registration of the "Easement Plan", defined in the contract.

12.3.7 Contracts with Emerald Developments

Two interdependent Put and Call Option Agreements were exchanged on 29 March 2007 by the Custodian and Emerald Developments Pty Ltd & Emerald Ocean Developments Pty Ltd relating to the following Pub:

- Tacking Point Tavern, Port Macquarie, NSW.

The call option can be exercised between 2 July 2007 and 9 July 2007 and the put option between 10 and 17 July 2007. The land contract will be deemed entered into on the date that the put or call option is exercised, and completion must take place 21 days after that date.

The purchase price under the contract is $15,000,000. A 5% deposit has been provided by way of a bank guarantee. The Custodian is also acquiring the vendors right, title and interest in a hotel licence and the 24 PME's allocated to that licence.

12.3.8 Contracts with Hedderman / Newton and Glowcall Pty Ltd

Four interdependent contracts were exchanged on 22 March 2007 under which:

- the Custodian agreed to acquire the Lakeview Hotel/Motel, Oak Flats, NSW (including land, buildings, hotel licence, and 15 poker machine entitlements from Hedderman /Newton for a total purchase price of $11,100,000 (excluding stamp duty and other costs) (the" Lakeview Land Contract");
- Hedz No. 13 Pty Ltd agreed to acquire the plant and equipment from Glowcall Pty Ltd;

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- Hedz No. 13 Pty Ltd agreed to acquire the goodwill of the business being sold by Hedderman/Newton;
- the Custodian agreed to acquire 4 poker machine entitlements from Glowcall Pty Ltd for $600,000; and
- each purchaser paid a 10% cash deposit.

All contracts are due to be completed on 6 August 2007.

12.3.9 Contract with Goldust Pty Ltd

The Custodian entered into a contract with Goldust Pty Ltd on 17 April 2007, to purchase, for a total purchase price of $14,353,599 excluding stamp duty and other costs), the land and improvements constructed thereon, commonly described as the Brewhouse Hotel, Graham Street, Doonside.

The contract provides that:

- a 10% ($1,435,359.90) deposit be provided by way of bank guarantee;
- completion is scheduled for 23 July 2007;
- completion is conditional on the simultaneous completion of the contract also entered into on 17 April 2007 for the Brewhouse Hotel – Belmore (see section 12.3.10); and
- the vendor has agreed to accept up to 25% of the purchase price in Vendor Securities if the HLG is listed.

12.3.10 Contract with Lochie Pty Ltd

The Custodian entered into a contract with Lochie Pty Ltd on 17 April 2007, to purchase, for a total purchase price of $16,079,665 (excluding stamp duty and other costs), the land and improvements constructed thereon, commonly described as the Brewhouse Hotel, Canterbury Road, Belmore. The contract provides that:

- a 10% ($1,607,966.50) deposit be provided by way of bank guarantee;
- completion is scheduled for 23 July 2007; and
- the vendor has agreed to accept up to 25% of the purchase price by way of Vendor Securities if the Trust is listed.

12.3.11 Contract with MEK Holdings Pty Ltd

Two interdependent Contracts have been exchanged as follows:

- on 21 March 2007, the Custodian agreed to acquire from MEK Holdings Pty Ltd the land and improvements commonly at McIvor Road, Bendigo, Victoria more commonly known as the All Seasons International Hotel (the “ASIH Land Contract”), for a total purchase price of $18,000,000 (excluding stamp duty and other costs); and
- Hedz Pty Ltd agreed to acquire the hotel business conducted from the land.

The ASIH Land Contract provides that:

- a 5% deposit be provided by way of a bank guarantee; and
- completion of the ASIH Land Contract will take place on the same day as the related business contract completes, but if completion has not taken place by 21 August 2007 either party can terminate.

The related business contract provides that:

- it is conditional upon Hedz Pty Ltd obtaining a gaming machine licence, approval to transfer the liquor licence and obtaining a venue operator's Agreement from Tabcorp; and
- completion of that contract will take place on the first Monday 2 weeks after Hedz Pty Ltd is issued with a gaming machine licence, the transfer of the liquor licence is approved and 6 months after the applications are lodged.

12.3.12 The Coles Queensland Pubs

The Custodian entered into interdependent contracts with Coles on 21 June 2007, to purchase:

- for a total purchase price of $58,661,270 (excluding stamp duty and other costs), the following Pubs and land:
  - Kings Beach Tavern, Caloundra, Qld
  - Bribie Island Hotel, Bellara, Qld
  - Royal Mail Hotel, Tewantin, Qld
  - Lord Stanley, East Brisbane, Qld
  - Chancellor Village Tavern, Sippy Downs, Qld (together, the "Coles Qld Pubs")

The contracts provide that:

- completion is scheduled to take place on the date the Custodian completes the purchase of the Pubs from the CH Hotel Group (details of which are set out in section 12.3.3);
- the Custodian acquires the land and the hotel buildings;
- the sale of the Pubs is conditional on the Custodian entering new leases with the existing tenants of the Coles QLD Pubs (Coles), on specified terms;
- Coles will purchase Hedz No 14 Pty Ltd (part of the Hedley Group) and the Custodian provides an indemnity in respect of the business conducted before that purchase is completed;
- the Custodian must pay the purchase price for the Coles Qld Pubs contemporaneously with Coles paying the purchase price for the shares in Hedz No 14 Pty Ltd;
- completion of the Coles Qld Pub acquisition is interdependent on Coles purchasing the shares in Hedz No 14 Pty Ltd;
- completion is conditional on;
  - the Custodian completing the purchase of the Pubs from the CH Hotel Group (details of which are set out in section 12.3.3);
  - the relevant authorities consenting to the tenant of the Coles Qld Pubs obtaining all approvals in respect of liquor and gaming licences associated with the businesses at those pubs;
  - execution of a formal sale agreement in a form satisfactory to Coles; and
  - Hedz No.14 Pty Ltd completing the acquisition of the businesses relating to the CH Hotel Group Pubs.

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12.4 Relationship Deed

Refer to section 3.2 for an overview of the Relationship Deed. The Relationship Deed is between Tom Hedley, TWH (QLD), Tom Hedley Jnr. (Tom Hedley's son), Stephen Donnelly, the Company, the Responsible Entity and the Manager, and includes provisions relating to the issues set out below:

12.4.1 First right of refusal for investment opportunities

Thomas Hedley, TWH (QLD), Tom Hedley Jnr. and Stephen Donnelly must notify the Manager of an investment opportunity which might meet the Common Parameters that any of them identifies or becomes aware of, and, to the extent that party is able, offer that opportunity to HLG on a right of first refusal basis.

12.4.2 Escrow arrangements

TWH (QLD) has agreed to escrow all Stapled Securities it holds at the time of Allotment (**Escrow Securities**) for a period of 24 months from the date on which the Stapled Securities commence official quotation on ASX (**Escrow Period**).

- Under the escrow arrangement, TWH (QLD) has agreed, for the Escrow Period, not deal with, encumber, or do, or omit from doing, anything which would have the effect of transferring control or ownership of the Escrow Securities, without the consent of the Company and the Responsible Entity, however it may use the Escrow Securities as security for certain margin loans from a reputable financial institutions, or to a financier in the ordinary course of business.

The restrictions referred to above will not apply to the extent necessary to allow:

- TWH (QLD) to accept a takeover bid for HLG where the holders of not less than 50% of the Stapled Securities not subject to escrow have accepted the takeover bid; and
- the Escrow Securities to be acquired under a scheme of arrangement or other reorganization of capital relating to HLG.

The escrow arrangements also permit, in certain circumstances, TWH (QLD) to transfer Escrow Securities to certain affiliates (eg a related company or a trust of which TWH (QLD) is a beneficiary) provided that the transferee accedes to the terms of the Relationship Deed (including the escrow arrangements).

12.4.3 Reinvestment of distributions

TWH (QLD) covenants that up to 71% of the Escrow Securities (or such other percentage of the Escrow Securities as the Responsible Entity and the Company from time to time direct) will participate in the Distribution Reinvestment Plan for the Escrow Period (or such other time as the Responsible Entity and the Company from time to time direct).

12.5 HLGPS Sale of Shares and Indemnity Deed

The HLGPS Sale of Shares and Indemnity Deed is entered into by Tom Hedley, the Company, the Responsible Entity, TWH (QLD) and the Manager. Under that deed:

- Tom Hedley sold the shares in the Custodian to the Company for $1.00;
- Tom Hedley made specified warranties, and indemnified the Responsible Entity and the Company, the Trust, CH Properties (being the Custodian's wholly owned subsidiary) and the CH Trust (the units in which are an asset of the Trust) ("Indemnified Entity") against all claims and liabilities (other than those relating to indebtedness of the Trust to banks as at 16 May 2007) suffered or incurred by an Indemnified Entity and arising in connection with any circumstance existing prior to the Allotment Date.

- TWH (QLD) and the Manager guaranteed all of Tom Hedley's obligations under the deed (including in respect of the indemnities).

12.6 Development Deed

The Development Deed is dated 22 June 2007 and between the Manager, the Custodian, the Company, the Responsible Entity, and the Developer.

The Custodian and the Manager grant the Developer exclusive rights to undertake developments and retain the development proceeds in relation to Surplus Land (ie land additional to the land occupied by a Pub) comprised in the following 17 Properties (in four categories):

Land
Category 1 Property – Coles leases – surplus land requiring further development
1. Everton Park, Queensland
2. Ferry Road, Southport, Queensland
3. Coomera Lodge, Oxenford Queensland
4. Kooyong, North Mackay, Queensland
5. Sundowner, Caboolture, Queensland
6. Bribie Island, Bellara, Queensland
7. Anthill House, Mareeba, Queensland
8. Commonwealth Flats, Innisfail, Queensland
Category 2 Property – Properties leased to Hedz Pty Ltd
9. Kirra Beach, Kirra Beach, Queensland
10. Kincumber, New South Wales
11. Oak Flats, New South Wales
12. Mc Ivor Road, Bendigo, Victoria
13. Carrington, Atherton, Queensland
14. Glades, Yamanto, Queensland
Category 3 Property – Commercial premises surrounding the Pub not yet tenanted
15. Coastwatchers, Trinity Beach, Queensland
16. Sheridon Street, Cairns, Queensland
Category 4 Property – Vacant land for development as a Pub
17. Mountain Creek,

A development by the Developer of these Properties may be by way of one or more of the following:

- a development comprising the construction of additional premises on the Surplus Land, for letting by the Responsible Entity ("**Development Construction**");
- a development comprising subdivision and sale of Surplus Land ("**Development Subdivision**");
- a development comprising the arrangement of tenants for the Responsible Entity of commercial premises which have already been constructed on Surplus Land ("**Development Tenanting**"); and
- a redevelopment of a Pub in a Category 2 Property to create improved or additional facilities ("**Pub Improvement**"),

(together the "**Developments**").

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The Developer currently proposes:

- in relation to the Category 1 Properties to undertake a Development Subdivision or a Development Construction;
- in relation to the Category 2 Properties to undertake a Development Subdivision, a Development Construction and/or a Pub Improvement;
- in relation to the Category 3 Properties to undertake a Development Tenanting; and
- in relation to the Category 4 Property to undertake a Pub Improvement, a Development Subdivision and/or a Development Construction.

The Developer must pay all rates, taxes and other outgoings in respect of the Surplus Land from the date of the Development Deed until the date when that portion of the Surplus Land is developed and sold or tenanted.

The Developer indemnifies the Custodian, the Responsible Entity and the Manager from and against all liabilities suffered, paid or incurred by the Responsible Entity that arises from:

- loss of or damage to property, including existing property, in or upon which the work under the Development is being carried out; or
- claims by any person in respect of personal injury or death or loss of or damage to any property as a consequence of the Developer carrying out the Development.

The Developer is entitled to the benefits and proceeds of the Developments as follows:

- if the Developer undertakes a Development Subdivision, it will bear all expenses and be entitled to all income;
- if the Developer undertakes a Development Construction or a Development Tenanting:
  - the Developer will bear all expenses;
  - a valuation will be made at the date when a tenant commences paying rent to the Custodian; and
  - the Developer will receive from the Responsible Entity and the Company, that number of Stapled Securities calculated by dividing the valuation by the average current market price of the Stapled Securities for the 10 ASX trading days after the date of the valuation or, if there are restrictions under the Corporations Act or the Listing Rules, cash equal to the valuation from the Manager (on behalf of the Trust) or a combination of cash and Stapled Securities; and
- if the Developer undertakes a Pub Improvement:
  - the Developer will bear all expenses;
  - a valuation will be undertaken at the date when the Responsible Entity's tenant for the Pub occupies the new facilities, which valuation will comprise, after setting an appropriate new rent for the Pub, the increase in the capitalised value for the Pub;
  - the Developer will receive from the Responsible Entity and the Company, that number of Stapled Securities calculated by dividing the amount of that valuation by the average current market price of the Stapled Securities for the 10 ASX trading days after the date of the valuation or, if there are restrictions under the Corporations Act or the Listing Rules, cash equal to the valuation from the Manager (on behalf of the Trust) or a combination of cash and Stapled Securities;
  - if the market value of a Pub Improvement after completion of a Development is less than the pre Development market valuation of the relevant Pub, then as soon as possible after receiving a valuation, the Developer must pay the Manager an amount equal to the decrease in the market value of the Pub Improvement.

The Developer can submit an indicative proposal for a Development to the Manager and the Custodian must respond within 20 Business Days. If the Manager or Custodian refuses approval or imposes conditions, those reasons must be provided in writing. The Developer can elect to have the Manager's or the Custodian's view on the proposal determined by an expert.

Once the indicative proposal has been approved, if the Developer wishes to proceed with the Development, it must prepare and serve on the Manager and the Custodian the final Development proposal. The Manager and the Custodian must either approve (with or without conditions) or refuse in writing the final Development proposal within 20 Business Days. If the Manager or the Custodian refuses approval or imposes conditions on the approval, they must provide the Developer with their reasons in writing. The Developer can elect to have the Manager's or the Custodian's view on the proposal determined by an expert.

The Development Deed terminates on the earlier of the following:

- the date on which the Developer has completed Developments in respect of all the Surplus Land and the Pubs on the Category 2 Properties; or
- 20 years after the date of the deed.

12.7 GS Mutual First Right of Refusal Deed

This deed was executed by Grant Samuel Pub Investments Pty Ltd (ABN 26 114 779 387) ("GS Pub Investments") as trustee of the GSL Pub Trust, Grant Samuel Pub Operations Pty Ltd (ACN 114 779 378) ("GS Pub Operations") as trustee of the GSL Pub Operations Trust and TW Hedley Pty Ltd as trustee of the TW Hedley Unit Trust on 31 January 2007, in connection with the purchase by TW Hedley Pty Ltd ("TW Hedley") of seven Pubs from Grant Samuel Pub Investments Pty Ltd.

Under this deed:

- (Freehold Disposals – First Right of Refusal): For a five year period commencing on the date of the deed, GS Pub Investments granted to TW Hedley Pty Ltd (and its nominee, if a related body corporate) the first right of refusal to acquire the freehold of any hotel in Australia which Grant Samuel Pub Investments owed at the date of the deed or acquired after that date which GS Pub Investments decides to sell during that five year period;
- TW Hedley has the right to acquire each such property within 21 days of receiving notice from GS Pub Investments, at a purchase price calculated on a capitalisation rate of 6.25%;
- (Leasehold disposals – First and Last Rights of Refusal): For a five year period commencing on the date of the deed, TW Hedley Pty Ltd granted to GS Pub Operations (and its nominee, if a related body corporate) the first right and last rights of refusal to acquire the leasehold of any hotels (except in Queensland) which TW Hedley owned at the date of the deed or acquires after that date where TW Hedley decides to dispose of that leasehold;
- TW Hedley must notify GS Pub Operations of the terms of any proposed lease, and GS Pub Operations has the right to accept the terms of that lease within 21 days of receiving such notice. If GS Pub Operations does not accept those terms, TW Hedley may negotiate terms with a third party, but before entering into a lease with such third party TW Hedley must afford GS Pub Operations (and its nominee, if a related body corporate) the right to match or better those third party terms; and
- Nothing in the First and Last Rights of Refusal granted in relation to leasehold disposals restricts TW Hedley from disposing of a leasehold to a related body corporate of TW Hedley if that related body corporate enters a deed with GS Pub Operations providing that GS Pub Operations has a similar first and last right of refusal if that related body corporate decides to assign the leasehold, and also contains a provision that a change of control of that related body corporate is a deemed assignment.

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12.8 Deed of extinguishment of interests in licences

This deed was entered into on 25 June 2007 by the Responsible Entity, the Trust Company Limited (as the custodian of the Trust's assets), the Custodian (as the sub-custodian of the Trust's assets), Hedley Leisure & Gaming Property Services Limited in its own right ("Owner") and TWH (QLD) Pty Ltd. Each party to the deed other than the Owner disclaimed any interest in specified liquor and gaming licences in which they may have had any interest and which before the date of the deed were held by the Custodian as sub-custodian of the Trust or are held by it later. The Owner acknowledges that its ownership is subject to the rights and terms of specified tenants under specified leases in New South Wales, such leases having terms of up to 60 years if options to renew were exercised.

12.9 Underwriting Agreement

Each of the Responsible Entity and the Company ("Issuers") and the Underwriters have entered into an agreement dated the same date as this Offer Document pursuant to which the Underwriters have agreed to fully underwrite the Broker Firm Offer, the General Offer and the Institutional Offer.

The Underwriting Agreement contains various warranties, representations and undertakings that are customary for agreements of this type, and imposes various obligations on the Issuers, including to ensure that the Offer Document complies with law and provides, among other things that:

- (Indemnities) the Issuers have jointly and severally indemnified the Underwriters, including its respective directors, officers, employees, advisers and related bodies corporate, against certain risks in relation to the Offer;
- (Fees, costs and expenses) certain fees and costs are payable to the Underwriters (refer Section 10);
- (Termination) the Underwriting Agreement can be terminated on the occurrence of any of the following events:

  (a) (Index Change) a Relevant Index is at a level which is 10% or more below its Starting Level;

  (b) (ASIC stop order): ASIC takes certain specified adverse action in respect of the Offer;

  (c) (ASX approval) ASX does not approve the quotation of the Stapled Securities before 2 August 2007;

  (d) (lodgement of Offer Document) the Issuers fail to lodge the Offer Document with ASIC on or before the lodgement date in a form approved by the Underwriters;

  (e) (Certificate) a certificate required by the Underwriters to be furnished by the Issuers is not furnished or a statement in that certificate is untrue, incorrect or misleading in a material respect;

  (f) (material adverse change) there is a material adverse change in the assets, liabilities, financial position, or performance, profits, losses or prospects of HLG or the Hedley Group that affects the overall position of HLG;

  (g) (consent) a person whose consent to the issue of the Offer Document is required does not give their consent withdraws such consent;

  (h) (withdrawal) the Issuers withdraw the Offer Document, any Supplementary Offer Document or the Offer;

  (i) (Offer Document) the Offer Document omits any material required by law, contains a statement which is misleading or deceptive or otherwise fails to comply with the Corporations Act, or a notice under section 730 of the Corporations Act is given in relation to the Offer Document;

  (j) (Insolvency Event) a specified insolvency event occurs;

  (k) (Supplementary Offer Document) the Underwriters consider that a supplementary Offer Document is required or a Supplementary Offer Document is lodged without the Underwriters' consent;

(l) (**Timetable**) there are delays in relation to specified events relating to the Offer;

(m) (**Director**) a director of any of the Issuers or the Manager is charged with a specified criminal offence or is disqualified from managing a corporation; or

in the following circumstances if the Underwriters reasonably believes that the event will have a material adverse effect on:

(i) the financial condition, financial position or financial prospects of HLG;

(ii) the market price of the Offer Securities;

(iii) the marketing, success or settlement of the Offer;

or leads, or is likely to lead to the Underwriters being involved in a contravention of a law or to a liability under a law:

(a) (**Material Contracts**) any material contract is void, breached, terminated, or amended (without the Underwriters' consent) in a material respect, or if any unsigned Material Contract is not signed or is signed in a materially different form without the Underwriters' consent;

(b) (**forecasts**) any forecast becomes incapable of being met or is unlikely to be met in the forecast time;

(c) (**breach**) an Issuer fails to perform or observe any of its obligations under this agreement;

(d) (**misrepresentation**) a representation or warranty made by an Issuer under this agreement is untrue or incorrect in any material respect;

(e) (**material adverse change in financial markets**) if material adverse changes occur in relation to specified international financial markets;

(f) (**unauthorised alterations**) an Issuer (or any of its subsidiaries) alters its share capital, its constitution;

(g) (**change in law**) there are specified changes in the law;

(h) (**hostilities**) specified hostilities escalate or occur or major terrorist activities occur;

(i) (**compliance**) an Issuer or any of their related bodies corporate breach their Constitution, any requirement of ASX or applicable laws;

(j) (**Director**) any regulatory body commences an action against any director in his or her capacity as a director of an Issuer or announces that it intends to do so;

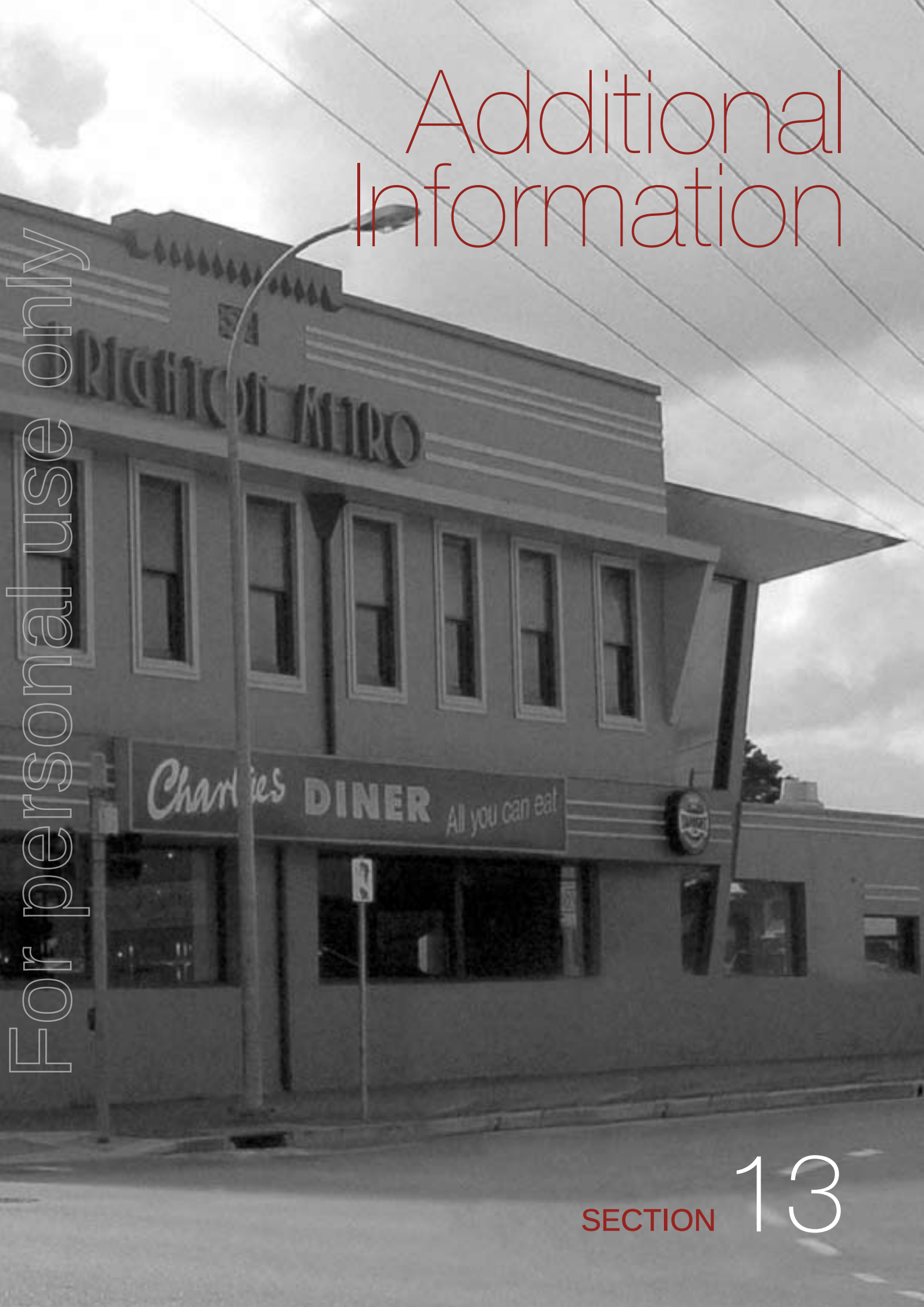
(k) (**change in management**) a change in the board of directors or senior management of an Issuer or the Manager occurs; or

(l) (**Force Majeure**) a force majeure lasting more than 7 days affects the Hedley Group's business or an Issuer.

12.10 Property Acquisition Agreement

This agreement was entered into on 25 June 2007 by the Responsible Entity, the Trust Company Limited (as the custodian of the Trust's assets) and TWH (QLD). In consideration of 4,163,621 units in the Trust being issued to it (which units form a part of the Founder Securities), TWH (QLD) undertook to enter into, at the direction of the Responsible Entity, 10 year fixed indexed swaps so that HLG can enter into 10 year fixed index swaps with a weighted average commencing interest rate (excluding margins) of 5.45% per annum and indexed each year by an amount which takes into account the Weighted Average Annual Rental Increase of the Portfolio.

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Additional Information

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SECTION 13

Nature of Offer Document

To the extent that the Offer relates to the issue of a Unit in the Trust, this document is a product disclosure statement, within the meaning of section 761A of the Corporations Act for the purposes of Part 7.9 of the Corporations Act, issued by Responsible Entity. To the extent that the Offer relates to the issue of a Share in the Company, this document is a prospectus within the meaning of section 9 of the Corporations Act for the purposes of Part 6D.2 of the Corporations Act, issued by the Company.

13.1 ASX Waivers And Confirmations

13.1.1 Waivers

HLG has applied to ASX for the following waivers in relation to the requirements of the following ASX Listing Rules:

- a waiver from Condition 7 of Listing Rule 1.1 to the extent necessary to permit each parcel of Shares or Units to have a value less than $2,000 on the condition that the value of a parcel of Stapled Securities will be greater than or equal to $2,000, and will therefore satisfy the rule;
- a waiver from Condition 8 of Listing Rule 1.1 in respect of compliance with Listing Rule 1.3 on the condition that the Units and Shares are stapled together and that the Trust and the Company together satisfy the rule;
- a waiver from Condition 2 of Listing Rule 2.1 to the extent necessary to permit Shares to be issued by the Company for an issue price and paid up value of less than $0.20 on the basis that the value of each Stapled Security (rather than each individual Share) will have an issue price and paid up value of greater than $0.20;
- a waiver from Listing Rule 6.24 in respect of compliance with clause 1 of Appendix 6A to the extent necessary that the rate and amount of a dividend or distribution need not be advised to ASX by the Trust or the Company when announcing a dividend or distribution and record date on the basis that an estimated dividend or distribution rate is advised to ASX and the actual dividend and distribution rate is advised to ASX as soon as it becomes known;
- a waiver from Listing Rule 7.1 to the extent necessary to permit the Stapled Securities issued under the Offer and the issue of Vendor Securities to constitute one issue for the purposes of Listing Rule 7.1;
- a waiver from Listing Rule 8.10 to the extent necessary to permit the Responsible Entity and the Company to refuse to register a transfer of a security (comprising the Stapled Security) if it is not accompanied by a transfer in respect of the other securities that comprise the Stapled Security;
- a waiver from Listing Rule 10.1 to allow the transfer of assets between the Trust and the Company and their subsidiaries without the need for member approval, as the economic interests of Stapled Securityholders will not be affected by such a transaction; and
- a waiver from Listing Rule 7.1 and Listing Rule 10.11 to the extent necessary to permit the Trust and the Company to issue Stapled Securities to the Manager or its related bodies corporate in lieu of a cash payment for the fees payable under the Services Agreement, on the conditions specified by ASX.

13.1.2 Confirmations

HLG has applied to ASX for the following confirmations in relation to the operation of the following ASX Listing Rules as they will apply to HLG:

- A confirmation in relation to Listing Rule 1.1, condition 1 and Listing Rule 6.1 that:
  - the structure and operations of HLG are appropriate for a listed entity; and

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- the terms of the Stapled Securities meet the requirements of Listing Rule 6.1 and are appropriate and equitable;

- a confirmation under Listing Rule 1.3 that the ASX does not intend to treat HLG as an 'investment entity' for the purposes of the Listing Rules; and
- a confirmation that the requirements of Listing Rule 1.3.5 will be complied with for the purposes of admission to the Official List if the Company and the Trust do not provide to the ASX accounts for the last three financial years on the basis that the Company and the Trust will provide to the ASX a draft pro-forma balance sheet for HLG.

Upon completion of the Offer, and for the purpose of the ASX Listing Rules, each of the Trust and the Company, based on the recommendation of the Manager, confirms that it will have sufficient working capital to carry out its objectives stated in this Offer Document.

13.2 ASIC Declarations

HLG has applied to ASIC and ASIC has indicated its intention to give declarations that sections of the Corporations Act as they relate to the operation of HLG will be modified as summarised below:

- a declaration that sections 601FC(1)(c) and 601FD(1)(c) were modified to allow the Responsible Entity and its officers to have regard to the interests of Stapled Security holders having regard to their interests as unitholders of the Trust and shareholders of the Company, not just in their capacity as Unitholders of the Trust;
- a declaration that section 601GA(1)(a) was modified to enable the Responsible Entity to allocate the issue price for Units comprising part of the Stapled Securities;
- a declaration that section 601LC was modified to allow the Responsible Entity to give financial benefits out of Trust property to the Company and its controlled entities; and
- a declaration that sections 708(13) and 1012D(3) were modified to allow the Company and Responsible Entity to apply dividends payable in respect of Shares and Units together to the acquisition of additional Stapled Securities.

13.3 Litigation And Claims

As far as HLG is aware, except as disclosed elsewhere in this Offer Document, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal or criminal or governmental prosecution of a material nature in which HLG is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of HLG or its assets.

13.4 Governing Law

This Offer Document and the contracts that arise from the acceptance of the Applications are governed by the law applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

13.5 Goods And Services Tax

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Stapled Securities.

13.6 Environmental And Ethical Considerations

Generally, and in normal circumstances, the Manager's investment recommendation for the Trust do not take into account labour standards, environmental, social or ethical considerations. However, these considerations may be taken into account if they materially affect the value of the investment, but no specific methodology is applied.

13.7 Related Party Transactions

TWH (QLD) and the Manager are related body corporates, as both are members of the Hedley Group. This Offer and HLG's ongoing management involve a number of related party transactions, including the following:

- the Company entering into a Service Agreement with the Manager;
- the Relationship Deed; and
- the Development Deed.

13.8 Interests of directors of the Company and the Responsible Entity

Other than as set out below or elsewhere in this Offer Document:

- no director of the Company or Responsible Entity or proposed director of the Company or Responsible Entity, nor any firm in which such director of the Company or Responsible Entity is a partner, holds or held at any time during the last two years any interest in:
  - the formation or promotion of HLG; or
  - the property acquired or to be acquired by HLG in connection with its formation or promotion under this Offer Document; or
  - the Offer.
- no amounts, whether in cash or Stapled Securities or otherwise, have been paid or agreed to be paid, and no value or benefit has been given or agreed to be given, to any director of the Company or Responsible Entity (or any firm in which such director of the Company or Responsible Entity is a partner):
  - either to induce them to become or qualify as a director of the Company or Responsible Entity; or
  - for services provided in connection with either the formation or promotion of HLG or the Offer.

Tom Hedley is the ultimate beneficial owner of the Hedley Group including TWH (QLD) which holds the Founder Securities and all the issued capital of the Manager.

Stephen Donnelly is an employee of a contractor to the Manager.

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13.9 Directors' Fees and Benefits

The Company Constitution provides that the non-executive Directors of the Company are entitled to remuneration not exceeding an aggregate maximum sum of $600,000 per annum or such other maximum amount determined by the Company in general meeting. The aggregate sum will be divided among the non-executive Directors of the Company in such manner and proportion as agreed by the Directors of the Company and, in default of agreement, equally.

The Company Constitution provide that the remuneration of an executive Director will be determined by the Directors. Remuneration may be by way of salary or commission or participation in profits, but may not be by commission or a percentage of operating revenue. The executive Directors of the Company will not receive directors' fees from the Company. They are employees of or contractors to the Manager and will be remunerated in that capacity.

Except in circumstances prohibited by the Corporations Act, the Company may pay a premium for a contract insuring a Director against liability incurred by the person as a Director.

The Directors may also be paid out of pocket expenses properly incurred by them in connection with the Company's business.

The Directors, their nominees and associates may subscribe for Stapled Securities under this Offer Document.

No fees or benefits are payable to the directors of the Responsible Entity. Those directors are employees of Trust Company Limited.

13.10 Interests Of Professionals, Advisers And Promoters

Other than as set out below or elsewhere in this Offer Document:

- no promoter of HLG, or an AFSL Holder or Underwriter involved in the Offer or person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document, has or has held during the last two years prior to the date of the Offer an interest in:
  - the formation or promotion of HLG; or
  - the property acquired or to be acquired by HLG in connection with its formation or promotion under this Offer Document; or
  - the Offer;
- no amounts, whether in cash or Stapled Securities or otherwise, have been paid or agreed to be paid, and no value or benefit has been given or agreed to be given, to any promoter of HLG, AFSL Holder or Underwriter involved in the Offer or person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document:
  - either to induce them to become or qualify as a Director; or
  - for services provided in connection with either the formation or promotion of HLG or the Offer.

PricewaterhouseCoopers Ltd

PricewaterhouseCoopers Ltd has been appointed as auditor of HLG, and have prepared the Taxation Report included in section 11. PriceWaterhouseCoopers Ltd will be paid approximately $176,000 in connection with the offer.

PricewaterhouseCoopers Securities Ltd

PricewaterhouseCoopers Securities Ltd has acted as investigating accountant in respect of the Offer. PricewaterhouseCoopers Securities Ltd will be paid approximately $176,000 in connection with the Offer.

Minter Ellison

Minter Ellison has acted as the legal advisers to the Responsible Entity, the Trust and the Company. Minter Ellison will be paid fees of approximately $800,000 (plus out of pocket expenses and GST) in respect of services performed in connection with the Offer.

ANZ Group

a) ANZ Investment Bank in its role as Financial Advisor will receive fees and reimbursements for the work performed in that role.

b) ANZ will receive fees and reimbursements for the provision of various facilities (including the bridge facility, SDSF, JDSF and hedging arrangements).

c) ANZ Securities Limited will receive fees and reimbursements for the work performed in its role as Joint Lead Manager and Underwriter.

For more information on the fees and reimbursements payable to the ANZ Group, please refer to section 10.3 and section 8.

ABN AMRO Morgans Corporate Limited

For work performed in its role as a Joint Lead Manager and Underwriter, ABN AMRO Morgans Corporate Limited will receive the fees and reimbursements set out in section 10.3. A summary of the Underwriting Agreement is set out in section 12.8.

Bell Potter Securities Limited

For work performed in its role as a Co Lead Manager, Bell Potter Securities will receive part of the fees payable to ANZ Securities Limited and ABN Amro Morgans Corporate Limited under the Underwriting Agreement and as set out in section 10.3.

HLG Management Pty Ltd

HLG Management Pty Ltd, as manager of the Company and the Trust, will earn management fees as set out in sections 5.3 and 10, the amount of which will depend in part on the growth and performance of HLG.

BDO Kendalls

BDO Kendalls Corporate Finance (NSW) Pty Ltd has prepared an Industry Report in connection with this Offer Document and has provided the Industry Report in section 4. In connection with these services, it has received the fees and reimbursements set out in its report.

LandMark White

Landmark White Brisbane Pty Ltd has provided valuation services in connection with the preparation of this Offer Document and has provided the Valuation Report in section 7. In connection with these services, it has received the fees and reimbursements set out in its report as well as out of pocket expenses.

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13.11 Expenses Of The Offer

The total estimated expenses of the Offer payable by the Responsible Entity and the Company, including Stapled Security placement commissions and fees, accounting fees, legal fees, listing fees, fees for other advisers, Offer Document design, printing, advertising, and other miscellaneous expenses (including taxes and other government charges), will be approximately $6.95 million based on a subscription to the Offer of $126 million and Debt Facilities of $910 million. These fees and expenses are payable out of the proceeds of the Offer. Refer to section 10 for further details.

13.12 Consents And Disclaimers

Each of the parties referred to in this section:

- does not make, or purport to make, any statement in this Offer Document, nor is any statement in this Offer Document based on any statement by any of those parties, other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Offer Document other than a reference to its name and a statement included in this Offer Document with the consent of that party as specified in this section.

Minter Ellison has given and has not withdrawn its consent to be named in this Offer Document as legal advisers to the Offer, in the form and context in which it is named.

PricewaterhouseCoopers Securities Limited has given and has not withdrawn its consent to be named in the Offer Document as the Investigating Accountant in connection with the Offer, in the form and context in which it is named, and to the inclusion of the Investigating Accountant's Report on forecast financial information in section 11, in the form and context in which it is so included.

BDO Kendalls Corporate Finance (NSW) Pty Ltd has given and has not withdrawn its consent to be named in the Offer Document as providing market assessment services in connection with the Offer, in the form and context in which it is named, and to the inclusion of the Industry Overview Report in section 4 and the statements in sections 1 and 3, in the form and context in which the report and the statements are so included.

Landmark White Brisbane Pty Ltd has given and has not withdrawn its consent to be named in the Offer Document as providing valuation services in connection with the Offer, in the form and context in which it is named, and to the inclusion of the Valuation Report in section 7 and the statements in section 7, in the form and context in which the report and the statements are so included.

PricewaterhouseCoopers Securities Ltd has given and has not withdrawn its consent to be named in the Offer Document as Independent Tax Adviser to the Offer, in the form and context in which it is named, and to the inclusion of the Taxation Report in section 11, in the form and context in which the report is so included.

Australia and New Zealand Banking Group Limited has arranged and underwritten the SDSF and JDSF, provided a bridge facility to HLG and entered into 10 year fixed interest swaps with HLG as described in this Offer Document. In those roles, ANZ has not been involved in the preparation of the Offer Document or the Offer and has not made or verified any statement that is included in this Offer Document or any statement on which a statement in this Offer Document is based. ANZ expressly disclaims and takes no responsibility for any statement made in, or ommisions from, this Offer Document, which are entirely the responsibility of the Issuers.

ANZ Investment Bank, a division of Australia and New Zealand Banking Group Limited has given and not withdrawn its consent to be named in the Offer Document as Financial Advisor to the Offer, in the form and context in which it is named. ANZ Investment Bank has not made or verified any statement that is included in this Offer Document or any statement on which a statement in this Offer Document is based. ANZ Investment Bank expressly disclaims and takes no responsibility for any statement made in, or omissions from, this Offer Document, which are entirely the responsibility of the Issuers.

ANZ Securities Limited has given and not withdrawn its consent to be named in the Offer Document as Joint lead manager and one of the Underwriters of the Offer, in the form and context in which it is named.

ABN AMRO Morgans Corporate Limited has given and not withdrawn its consent to be named in the Offer Document as Joint lead manager and one of the Underwriters of the Offer, in the form and context in which it is named.

Bell Potter Securities Limited has given and not withdrawn its consent to be named in the Offer Document as Co Lead Manager, in the form and context in which it is named.

Computershare has given and has not withdrawn its consent to be named in the Offer Document as the Registry, in the form and context in which it is named.

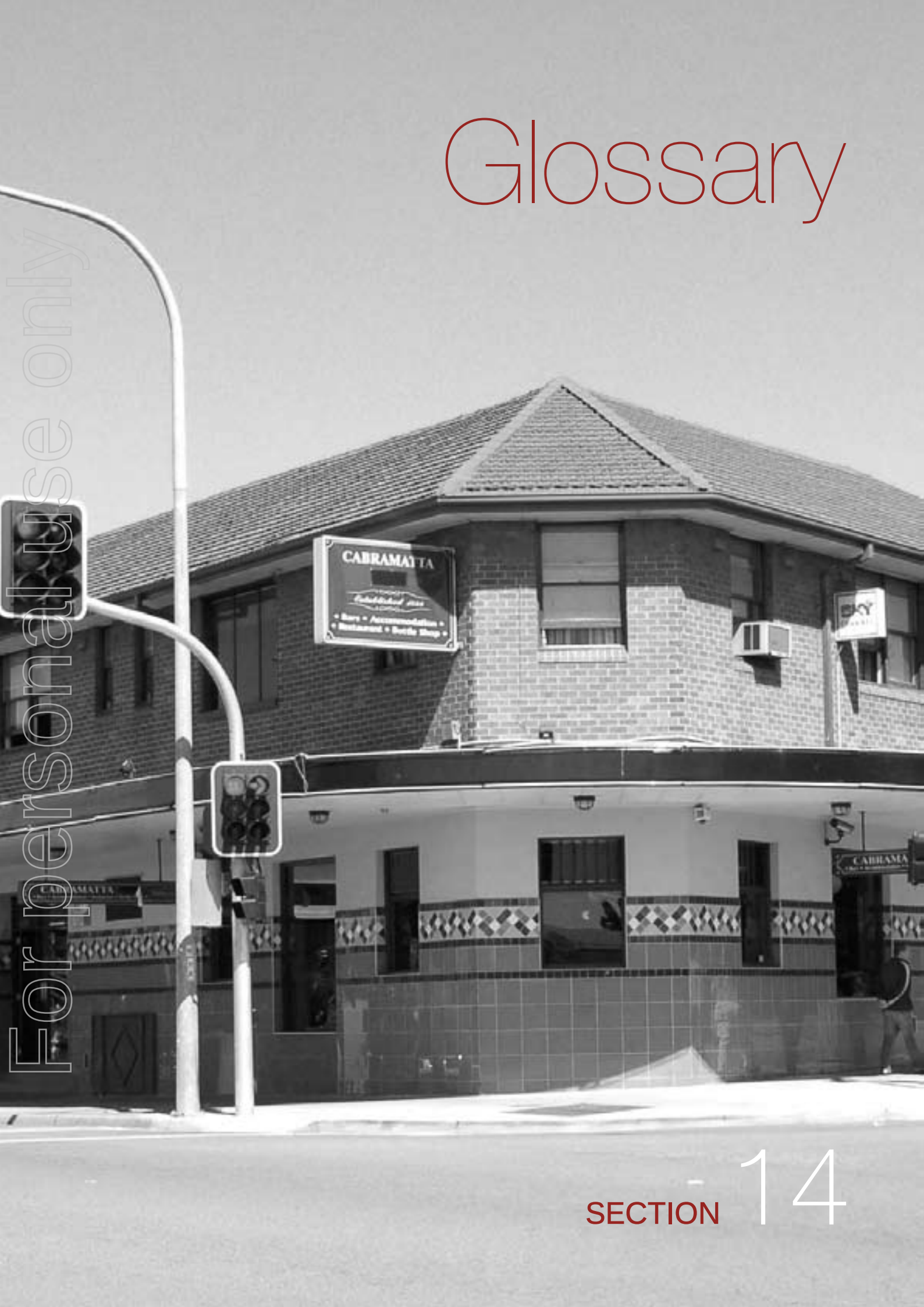
ETRADE Australia Securities Limited has given and has not withdrawn its consent to be named in the Offer Document as the online broker to the Offer, in the form and context in which it is named.

13.13 Consents To Lodgement

Each director of the Company and the Responsible Entity has consented to lodgement of this Offer Document with ASIC.

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Glossary



SECTION 14

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ABN AMRO Morgans	ABN AMRO Morgans Corporate Limited (ABN 32 010 539 607)
Accounting Standards	Accounting standards (as defined in s9 of the Corporations Act) as they apply for a reporting entity and any other generally accepted accounting principles and practices in Australia (to the extent that they are not inconsistent with the accounting standards) other than any accounting standard that the Responsible Entity or the Company reasonably determine will not apply
Acquisition Contracts	The contracts and heads of agreements relating to the acquisition of Pubs and ancillary retail freeholds, details of which are set out in section 12.2
AFSL Holder	A holder on an Australian Financial Services License issued under the Corporations Act
AIFRS	Australian equivalents to International Financial Reporting Standards
ALE	The ASX listed ALE Property Group (including stapled securities of Australian Leisure and Entertainment Property Management Limited and Australian Leisure and Entertainment Property Trust)
ALE Investment	HLG's holding of 21.3% of the securities in ALE
Allotment	The issue of Stapled Securities under this Offer Document
Allotment Date	The date of Allotment currently intended to be 25 July 2007
ANZ	Australia and New Zealand Banking Group Limited (ACN 005 357 522)
ANZ Investment Bank	A registered business name of, and division within, ANZ
ANZ Securities	ANZ Securities Limited (ABN 16 004 997 111)
Applicant	A person who applies for Stapled Securities under this Offer Document
Application	An application for Stapled Securities under this Offer Document
Application Form	The application form which is included in or accompanies this Offer Document
Application Monies	Funds accompanying a completed Application Form
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)
ASTC Settlement Rules	Settlement rules of ASTC
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ATO	Australian Taxation Office
Base Fee	The base fee payable to the Manager under the Services Agreements, see section 10.3.2
Benchmark	ASX/S&P 200 Property Accumulation Index
Broker	A member of ASX
Broker Firm Applicant	An Applicant under the Broker Firm Offer
Broker Firm Offer	The offer for Stapled Securities under this Offer Document to Retail Investors of Brokers who have received a firm allocation of the Stapled Securities
Board	The Directors acting as a board of the Company

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CGT	Capital gains taxes of the Commonwealth of Australia
CHESS	Clearing House Electronic Subregister System, operated under the Corporations Act
Close Date	The date on which the Offer closes, intended to be 27 July 2007
Co Lead Manager	Bell Potter Securities Limited (ABN 25 006 390 772)
Coles	Coles Group Limited or a wholly owned subsidiary or Coles Group Limited
Common Parameters	Policies in respect of matters including acquisition and investment strategies, borrowing policy, exchange rate and hedging policy, cash-flow management policy, property management, leasing, and variations of leases, initially set out in the Offer Document and as varied by HLG from time to time
Company	Hedley Leisure & Gaming Property Partners Limited (ACN 124 753 733)
Completion	Means settlement of all the Acquisition Contracts
Compliance Plan	The compliance plan of the Trust, as amended or replaced (see Section 5.4.2)
Company Constitution	The constitution of the Company, as amended or replaced (see Section 12.1.1.b)
Constitutions	The Company Constitution and the Trust Constitution
Corporations Act	Corporations Act 2001 (Cth)
CPI	Consumer Price Index, All groups, Brisbane published by the Australian Bureau of Statistics
Custodian	Hedley Leisure & Gaming Property Services Limited (ABN 25 010 330 515), as sub-custodian to Trust Company Limited (ABN 59 004 027 749)
Debt Facilities	The senior debenture subscription facility, junior debenture subscription facility, and bridge finance facilities entered into by HLG and described in section 8
Directors	Directors of the Company from time to time
Distribution Reinvestment Plan or DRP	The distribution reinvestment plan offered by the Responsible Entity and the Company, key details of which are set out in section 12.1.2
Distributions	Periodic dividends on the Share component of a Stapled Security and distributions (whether of income or capital) on the Unit component of a Stapled Security
EGM	Electronic gaming machine
Financial Adviser	ANZ Investment Bank in its capacity as financial adviser to HLG in respect of the listing of the Stapled Securities and certain other elements of the Offer process
Forecasts	Financial forecasts for the Forecast Period set out in Section 6
Founder Securities	The 67.87 million Stapled Securities held by TWH (QLD) at Allotment
Forecast Period	The period from the 1 July 2007 to 30 June 2009
Fund	Hedley Leisure & Gaming Property Fund, comprising the Responsible Entity, the Company and the Trust
Gearing	Proportion of debt to Total Assets
General Offer	The component of the Offer open to any Retail Investor

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Grant Samuel Pub Operations	Grant Samuel Pub Operations Pty Ltd (ACN 114 779 378) as trustee of the GSL Pub Operations Trust (or one of them, as the context requires)
GST	Has the meaning given in the GST Act
GST Act	The A New Tax System (Goods and Services Tax) Act 1999 (Cth)
Hedley Group	All companies and trusts ultimately controlled by Tom Hedley before Allotment. All companies and trusts ultimately controlled by Tom Hedley other than the Trust and the Company (and its subsidiaries) after Allotment
Hedz	Hedz Pty Ltd (ACN 078 677 602) and its subsidiaries
HLG	Hedley Leisure & Gaming Property Fund, comprising the Responsible Entity, the Company and the Trust
Holdings	Stapled Securities held by a Securityholder
Joint Lead Managers	ANZ Securities Limited (ACN 000 913 271) and ABN AMRO Morgans Corporate Limited (ABN 32 010 539 607)
JDSF	The junior debenture subscription facility as described in section 8.3
Institutional Offer	That component of the Offer open to Institutional Investors
Institutional Investor	A person resident in Australia who is a sophisticated or professional investor within the meaning of sections 708(8) or 708(11) of the Corporations Act and a wholesale client within the meaning of section 761G of the Corporations Act
Investor	Any person considering the Offer
Issuers	The Responsible Entity and the Company
Manager	HLG Management Pty Ltd (ACN 124 752 601)
NLA	Net lettable area
NLG	National Leisure & Gaming Limited (ABN 13 113 373 461) and its subsidiaries (including Grant Samuel Pub Operations Pty Ltd (ACN 114 779 378))
NTA	Net tangible assets determined in accordance with Australian Accounting Standards
Offer	The offer of Stapled Securities under this Offer Document as described in section 2.2
Offer Document	This combined product disclosure statement and prospectus
Offer Price	The price payable for one Stapled Security under this Offer Document being $3.50
Official List	The official list of ASX
Open Date	2 July 2007
Outperformance	The amount by which the Accumulated Annual Return exceeds the Index Return, multiplied by the Market Value of the Stapled Securities, as defined in section 10.3.2
Performance Fee	The performance fee payable to the Manager under the Services Agreements, see section 10.3.2
PME	Poker machine entitlements
Pub	Licensed hotel
Pub Vendors	The vendors under the Acquisition Contracts

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Quotation Condition	The condition precedent contained in the SDSF and JDSF that the Close Date has occurred, Application Monies totalling at least $126 million have been received and the Stapled Securities quoted on ASX
Relationship Deed	A deed entered into on or about the date of this Offer Document between Tom Hedley, Stephen Donnelly, Tom Hedley Jnr, TWH (QLD), the Company, the Responsible Entity and the Manager
Responsible Entity	Permanent Investment Management Limited (ABN 45 003 278 831) in its capacity as responsible entity of the Trust
Retail Investor	A person resident in Australia who is not an Institutional Investor or Staff Investor
Retail Offer	That part of the Offer comprising the Broker Firm Offer, the Staff Offer, and the General Offer
SDSF	The senior debenture subscription facility as described in section 8.2
Securityholder	A registered holder of a Stapled Security
Services Agreements	The agreements between the Manager and the Responsible Entity (and between the Manager and the Company) under which the Manager agrees to provide specified management, investment, advisory, and administrative services, key details of which are set out in section 12
Share	An ordinary share in the capital of the Company
Staff Investor	Key staff and contractors of the Hedley Group invited to become Applicants for Stapled Securities by the Issuers
Staff Offer	The offer for Stapled Securities under this Offer Document to Staff Investors
Stapled Security	A Unit and a Share
Surplus Land	The land in the Portfolio which is subject to the Development Deed
Tax Deferred	Refers to the non-assessable distribution component received by Stapled Securityholders. This amount does not form part of a Securityholder's taxable income in the year of receipt but will reduce the Stapled Securityholder's CGT cost base of the Stapled Securities (see report in section 11)
Total Assets	Total assets as determined in accordance with the Australian Accounting Standards
Transaction Fee	The transaction fee payable to the Manager under the Services Agreements, see section 10.3.2
Trust	Hedley Leisure & Gaming Property Trust (ARSN 125 526 016)
Trust Constitution	The constitution of the Trust, as amended or replaced from time to time
TWH (QLD)	TWH (Qld) Pty Limited (ACN 124 637 716)(a member of the Hedley Group)
Underwriters	ANZ Securities Limited (ACN 000 913 271) and ABN AMRO Morgans Corporate Limited (ABN 32 010 539 607)

Underwriting Agreement	The agreement in relation to the underwriting of the Offer between the Company, Responsible Entity and the Underwriters, dated on or about the date of this Offer Document
Unit	A unit in the Trust
Valuation Report	The valuation report set out in section 7
Vendor Securities	The 15.03 million Stapled Securities to be issued to certain of the Pub vendors under two of the Acquisition Contracts
Weighted Average Lease Expiry	Means the average lease expiry of the Portfolio weighted by each property's rental income
Weighted Average Annual Rental Increase	Means the average annual rental increase of the Portfolio weighted by each property's rental income

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HLG
HEDLEY LEISURE & GAMING PROPERTY FUND

Hedley Leisure & Gaming Property Partners Limited ABN 44 124 753 733 and Permanent Investment Management Limited ABN 45 003 278 831 AFSL 235150 as Responsible Entity of Hedley Leisure & Gaming Property Trust ARSN 125 526 016

This Application Form is important. If you are in doubt as to how to deal with it contact your stockbroker or professional advisor without delay. You should read the entire Offer Document carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Offer Document.

Broker Code

Adviser Code

A I/we apply for

Number of Stapled Securities in Hedley Leisure & Gaming Property Fund at $3.50 per Stapled Security or such lesser number of Stapled Securities which may be allocated to me/us

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Job Applicant 2 or Account Designation

Job Applicant 3 or Account Designation

D Enter your postal address - Include State and Postcode

Unit | Street Number | Street Name or PO Box / Other information

City/Suburb/Town | State | Postcode

E Enter your contact details

Contact Name | Telephone Number - Business Hours / After Hours

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details do not correspond directly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - Make your cheque or bank draft payable to Hedley Leisure & Gaming Property Fund Applications Account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that I/we have read and understood the Offer Document, that each applicant is at least 18 years of age, this application is completed and lodged according to the Offer Document and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of the Application Form) are complete and accurate. I/we agree to be bound by the Constitutions of Hedley Leisure & Gaming Property Partners Limited and Hedley Leisure & Gaming Property Trust and the conditions of issue of Stapled Securities, and accept the terms and conditions of the offer.

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How to complete this form

A Shares Applied for

Enter the number of Stapled Securities you wish to apply for. The application must be for a minimum of 2,000 Stapled Securities. Applications for greater than 2,000 Stapled Securities must be in multiples of 100 Stapled Securities.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Stapled Securities by the price per Stapled Security.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

Hedley Leisure & Gaming Property Fund (the "Fund") will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Fund's principal register of securities. The Fund will not be issuing certificates to applicants in respect of Stapled Securities allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Stapled Securities allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Fund and allocated a Security holder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to Hedley Leisure & Gaming Property Fund Applications Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this Offer Document to which this application relates. By lodging the Application Form, the applicant agrees that this application for Stapled Securities in Hedley Leisure & Gaming Property Fund is upon and subject to the terms of the Offer Document and the Constitutions of Hedley Leisure & Gaming Property Fund, agrees to take any number of Stapled Securities that may be allotted to the Applicant(s) pursuant to the Offer Document and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Sydney office of Computershare Investor Services Pty Limited by no later than 5pm, Sydney time, on Friday 20 July 2007.
Return the Application Form with cheque(s) attached to:

By mail:
Computershare Investor Services Pty Limited
GPO Box 7115
SYDNEY NSW 2001

OR

In person:
Computershare Investor Services Pty Limited
Level 2, 60 Carrington Street
SYDNEY NSW 2000

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au. If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1800 208 106

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Stapled Securities. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

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CORPORATE DIRECTORY

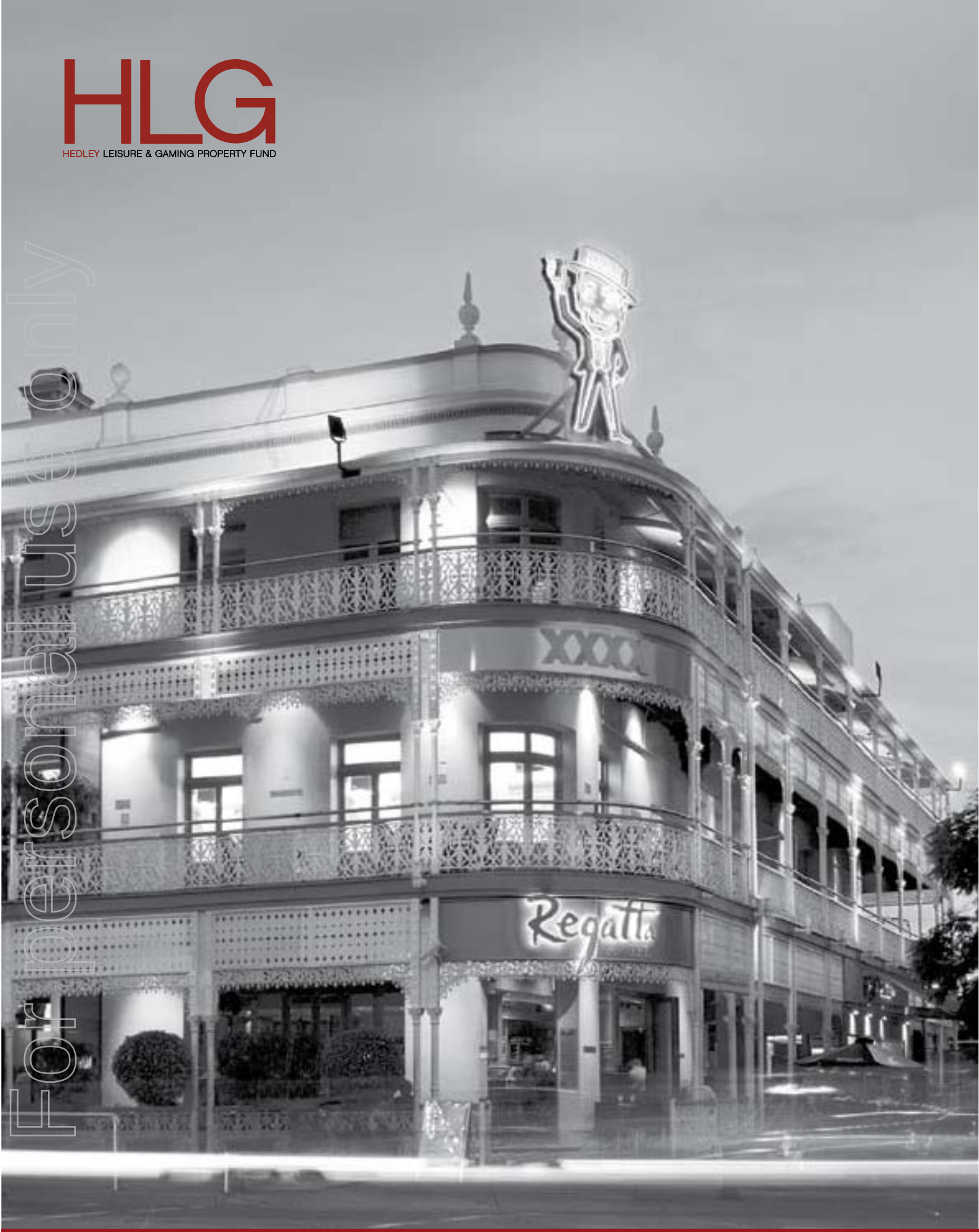
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Responsible Entity	**Permanent Investment Management Limited** 35 Clarence Street Sydney NSW 2000
Registered office of HLG	69 Aumuller Street Cairns QLD 4870
Financial Adviser	**ANZ Investment Bank** Level 17, 20 Martin Place Sydney NSW 2000
Joint Lead Managers and Underwriters	**ANZ Securities Limited** Level 6, 100 Queen Street Melbourne VIC 3000 **ABN AMRO Morgans Corporate Limited** Level 29, 123 Eagle Street Brisbane QLD 4000
Co Lead Managers	**Bell Potter Securities** Level 33, 225 George Street Sydney NSW 2000
Online Broker	**ETRADE Australia Securities Limited** www.etrade.com.au
Investigating Accountant	**PriceWaterhouseCoopers Securities** Riverside Centre 123 Eagle Street Brisbane QLD 4001
Taxation Adviser	**PriceWaterhouseCoopers** 91 King William Street Adelaide SA 5000
Registry	**Computershare Investor Services Pty Limited** Level 2, 60 Carrington Street Sydney NSW 2000 GPO Box 7115 Sydney NSW 2001
Independent Valuer	**LandMark White Brisbane Pty Limited** Level 14, 307 Queen Street Brisbane QLD 4000
Legal Adviser	**Minter Ellison Lawyers** Aurora Place 88 Phillip Street Sydney NSW 2000
HLG Offer Information line	**1800 208 106**

HLG

HEDLEY LEISURE & GAMING PROPERTY FUND

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