


Hedley Leisure & Gaming Property Fund

**AGM – 26 November, 2009**



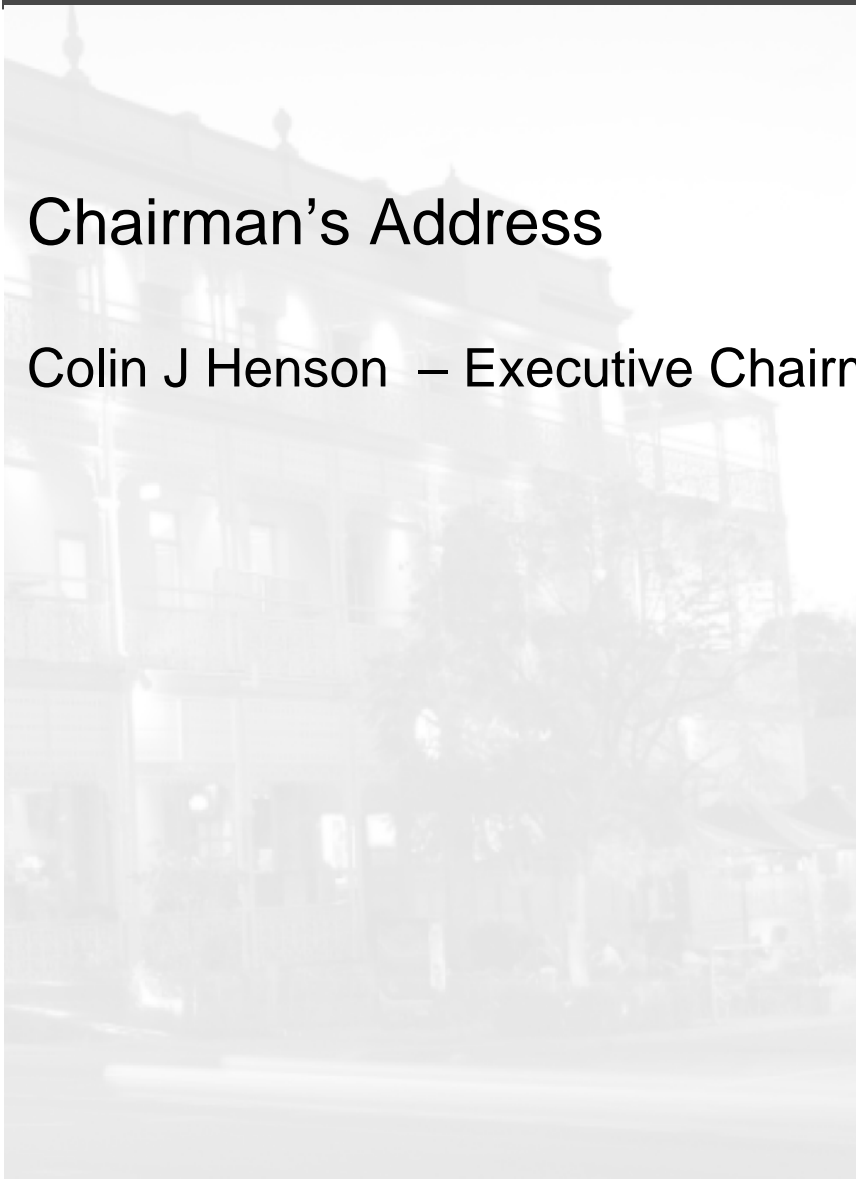


# Welcome to the Annual General Meeting for Hedley Leisure and Gaming Property Partners Limited

Colin Henson  
Executive Chairman

## Chairman's Address

Colin J Henson – Executive Chairman



This presentation contains general information in relation to the Hedley Leisure & Gaming Property Fund (**HLG**) and does not contain any information which constitutes financial product advice for the purposes of the Corporations Act 2001 (Cth). This presentation has been prepared without taking into account the objectives, financial situation or needs of any individual. Before making an investment decision about HLG persons should read the combined product disclosure statement and prospectus for HLG dated 25 June 2007 and all continuous disclosure materials lodged by HLG with ASX after that date which can be obtained from the ASX company announcements platform, carefully consider the risks of investment in HLG and obtain advice from an appropriate financial adviser. Nothing in this presentation constitutes an offer or invitation to invest in HLG.



# HLG Strategy, Road Map & Initiatives

Peter Armstrong – Managing Director and Chief Executive Officer

## HLG's Strategy continues to be;

1. Optimise the national hotel portfolio
  - Acquire/divest
  - Asset management
  - Redevelop/improve
2. Optimise the Operating Financials
  - Operating profit & cash flow
  - Balance sheet management
  - Capital management
3. Retain experienced/capable team
4. Proactively manage relationships with major tenants, financiers and other stakeholders

Tenants As at 30 June 2009	Pubs	Bottle shops	Other	% of total rent
Wesfarmers (Coles)	46	11		42%
NLG	32			46%
Hedz	12	1		11%
Other	1		1	1%
<b>Total</b>	<b>91</b>	<b>12</b>	<b>1</b>	<b>100%</b>

## HLG's key achievements in FY09 were;

1. Established management team within the Fund, resulting in significant cost savings (\$2.5 million per annum) commencing July 09.
2. Built an experienced independent management team.
3. Separated systems & process from the previous external management.
4. Improved assets (over 30+ minor projects completed).
5. Progressed the redevelopment process of key projects (concept design).
6. Presented and advanced the extension of HLG's debt facilities.
7. Delivered underlying operating profit of \$8.2m and \$17m of cash-flow (D. Charles to detail).
8. Distribution of 4 cents paid 3 March 2009.
9. Prudently managed the balance sheet.
10. Sold/Settled 3 hotels and 14 shops.
11. Proactively managed interface with key stakeholders and service providers.
12. Managed through the GFC.

## HLG's strategic road map - FY10 and beyond;

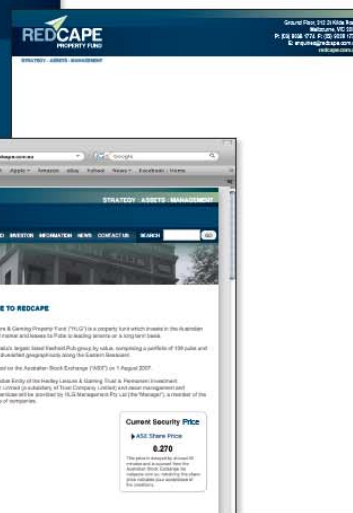
1. Proud to announce the rebranding of HLG to the REDCAPE Property Fund (ASX code: RPF).
2. Strategy as outlined continues, but evolves with the market.
3. Non-strategic asset sales (orderly manner) to lower risk and LVR. Recently announced the sale of 5 properties for \$36.3 million (14% above BV).
4. HLG's debt facilities to be extended to October 2012 (announcement in due course).
5. Will continue to improve team, process and systems.
6. Will continue to review capital enhancing opportunities.
7. Manage costs tightly.
8. Is entering a more "Stable" economic environment.





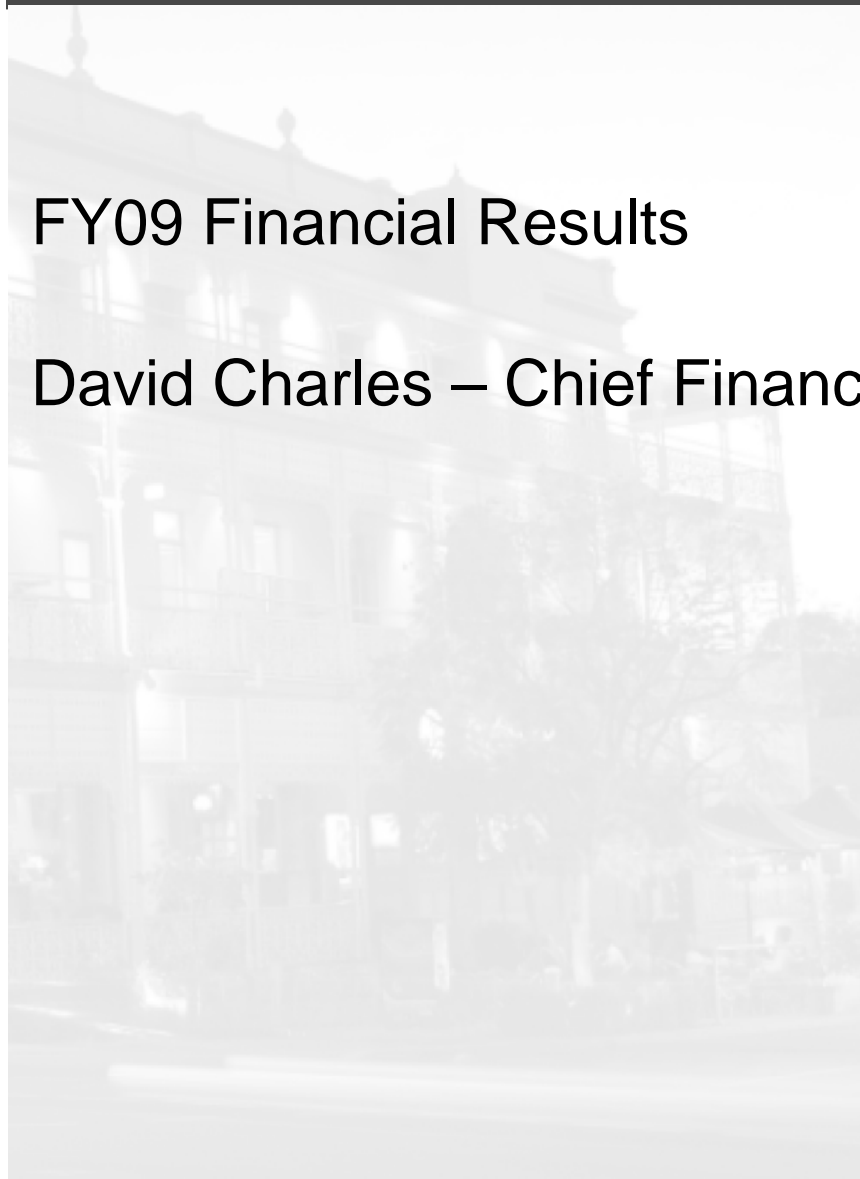


**REDCAPE**  
 PROPERTY FUND



## FY09 Financial Results

David Charles – Chief Financial Officer



## | Headline Numbers

	As at 30 June 2009	As at 30 June 2008
Total stapled securities on issue	157.0 million	137.2 million
ASX closing price	\$0.25	\$0.64
Net Assets Per Security	\$0.84	\$2.23
Net Assets Per Security excl. Swap Liability	\$1.38	\$2.23
Distributions Per Security	4 cents	25 cents
Tax deferred percentage	100%	30.7%
Operating Profit	\$8 million	\$9 million
Operating Cashflow	\$ 17 million	\$ 21 million
Reported Net Profit / (Loss)	(\$179 million)	(\$88 million)
Total assets (per Bal Sheet)	\$962 million	\$1,078 million
Net Assets	\$132 million	\$307 Million

## | KEY Financial Events during FY09

### Favourable

- Commenced and agreed in-principle the material terms with Bank Syndicate to extend the Fund's Debt facilities.
- Negotiated cessation of the previous Management Agreement, saving \$20m+ over 8 years. Rents collected as per Leases.
- Operating Profit and Cashflow from normal Operations positive.
- \$10m+ in bank at year end.

### Unfavourable

- Property Values fell by \$93m.
- Interest Rate Swap value fell by \$86m.
- Value of ALE Securities fell \$2m.
- Suspended Distributions to security holders in order to preserve cash in the fund and to satisfy lenders.
- Hedz receivership meant HLG breached Loan covenants, but Banks not enforced their position.

## | Key Points - FY09 Profit & Loss

- Rent increases applied as per Leases, and all rents collected on time.
- Fixed Rent increase average 3.75% p.a.
- Property and Licence Values further impaired as is reflected in the accounts.
- Swap Values fallen, but recovering with interest rate rises in FY10.
- Other Assets impaired include ALE securities, Receivables.
- Reported P&L a big loss for the year as result of accounting write-downs of \$179m.
- Underlying Profit from Operations was \$8.2m after accounting adjustments.

Consolidated Financials	30 June 2009 \$'000	30 June 2008 \$'000
Rent From Investment Property	79,724	73,113
Other Income	<u>1,217</u>	<u>9,517</u>
<b>Total Income</b>	<b><u>80,941</u></b>	<b><u>82,630</u></b>
Finance Costs	58,796	58,138
Management Costs	3,159	3,025
Impairment to Property & Licences	92,644	100,207
Impairment to Swaps	86,212	-20,620
Other Asset Impairment	6,930	17,718
Other Costs and Tax	<u>11,874</u>	<u>12,335</u>
<b>Total Costs</b>	<b><u>259,615</u></b>	<b><u>170,803</u></b>
<b>Net Profit / (Loss) Reported</b>	<b>(178,674)</b>	<b>(88,173)</b>
<u>Add Back</u>		
Impairment of Property & Licences	92,644	100,207
Impairment of Swaps	86,212	-20,620
Loss on sale of properties	1,101	21
Impairment of assets	6,930	17,718
<b>UNDERLYING Profit From Operations</b>	<b><u>8,213</u></b>	<b><u>9,153</u></b>

Nb, Straight Line Lease Adjustment of \$26,682 (\$27,820 FY08) has been removed from both Income and Total Costs as it has a nil impact on the Net Profit of the Fund.

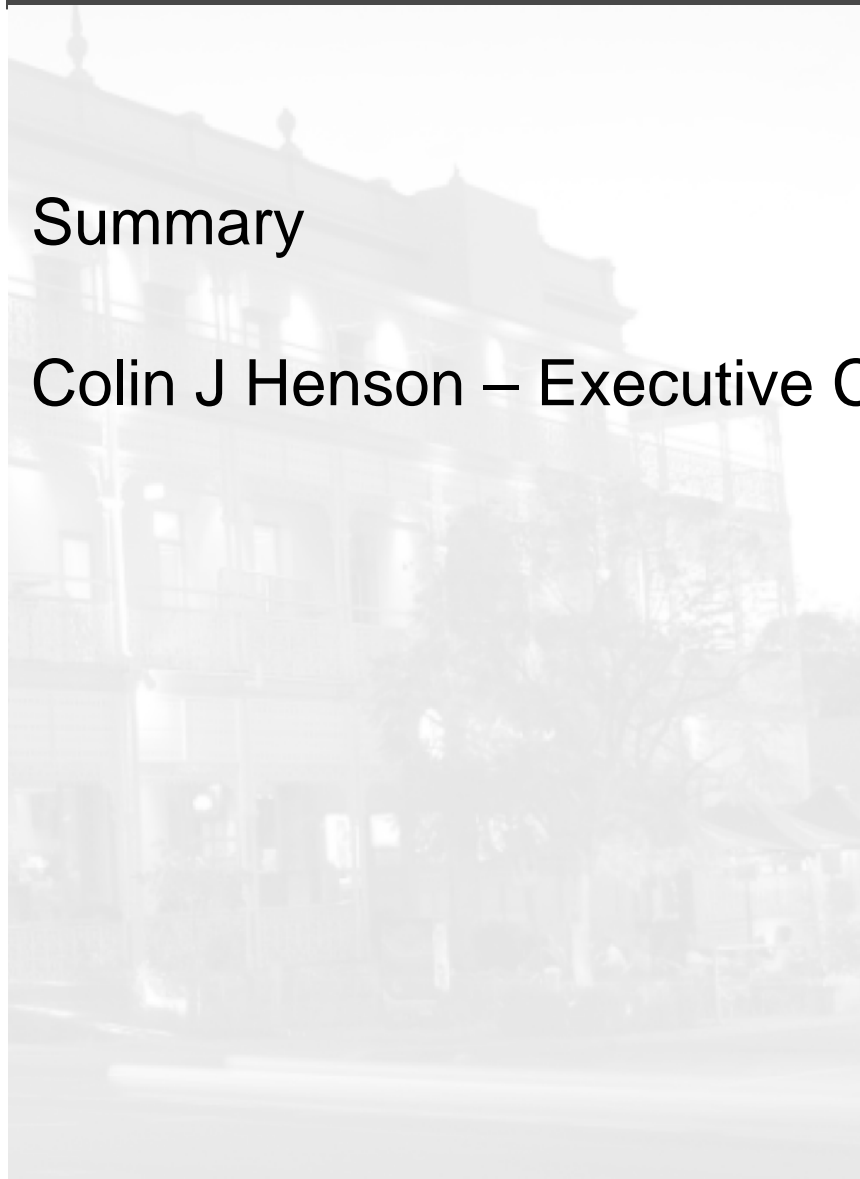
## | Key Points - FY09 Balance Sheet

- Cash of \$10m in the Bank and the fund meeting its obligations.
- Property now written down almost \$200m in two years....
- Property and Licences reflected below Fair Value by \$19.3m due to accounting requirement to carry Licences at “cost” instead of Fair Value.
- Swap liability of \$84m due to low interest rates, but as forward rates rise so does the value of our Swaps.
- Loans expiring August 2010... and Material Terms have in principle been agreed for an extension to October 2012.
- Net Assets of \$131.5m or \$0.84 per security... Significantly above the share price.

Consolidated Financials	30 June 2009 \$'000	30 June 2008 \$'000
Cash at Bank	10,258	10,862
Receivables & Other	1,893	4,697
ALE Securities	7,100	9,521
Property & Licences	962,394	1,069,800
Licences value not reflected in B/Sheet	(19,320)	(18,531)
Swap Asset	<u>0</u>	<u>1,817</u>
<b>Total Assets</b>	<b><u>962,325</u></b>	<b><u>1,078,166</u></b>
Bank Loans	740,752	746,285
Swap Liability	84,395	0
Payables and Other	<u>5,632</u>	<u>25,304</u>
<b>Total Liabilities</b>	<b><u>830,779</u></b>	<b><u>771,589</u></b>
<b>Net Assets</b>	<b><u>131,546</u></b>	<b><u>306,577</u></b>

## Summary


Colin J Henson – Executive Chairman



## Summary and Outlook

- We will continue to deliver to the Fund's strategy under our new corporate identity "Redcape Property Fund".
- Material Terms have been agreed in principle for an extension of the Fund's Loan facilities to October 2012.
  - Whilst the service cost of this Debt will be expensive and will preclude cash Distributions, the extension of the Debt will give the Fund a solid platform for the future.
- We will continue with strategic property divestments in order to lower the Fund's Debt to Asset ratio, and the Fund's overall risk profile.
- A highly experienced and capable management team has been appointed and the head office is now based in Melbourne to be nearer to key stakeholders.
- Business processes, corporate governance and management systems will continue to be enhanced.
- The Fund is prudently managed and this includes regular assessment of capital management solutions.
- The Fund is well positioned to take advantage of any improvement in the economic cycle, and indicators are that we are now entering an improved and more stable economic environment.

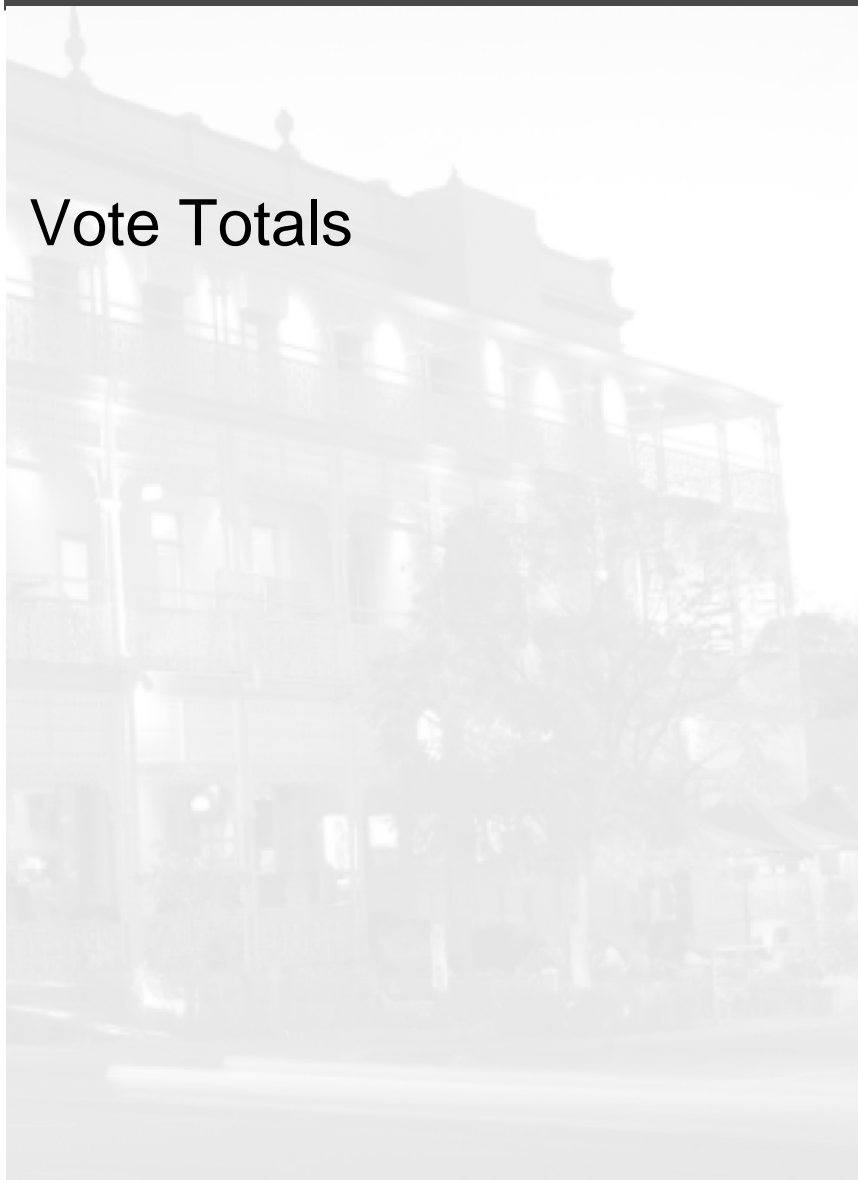




**On behalf of the Board of Hedley Leisure & Gaming Property Partners Limited, I thank you for your attendance here today.**

Colin Henson  
Executive Chairman

## Vote Totals



# Proxies Received

## | RESOLUTION 2

Re-election of Gregory James Kern as a Director of the Company

### VOTES:

FOR	87,894,208
AGAINST	8,060,649
ABSTAIN	38,038
Chairman's Discretion	604,536

# Proxies Received (continued)

## | RESOLUTION 3

### Adoption of the Company's Remuneration Report

#### VOTES:

FOR	89,596,341
AGAINST	6,124,011
ABSTAIN	284,543
Chairman's Discretion	592,536

# Proxies Received (continued)

## | RESOLUTION 4

### Change of Company Name

#### VOTES:

FOR	95,264,235
AGAINST	365,441
ABSTAIN	363,219
Chairman's Discretion	604,536