

LIVING AND LEISURE AUSTRALIA GROUP

COMPRISING:

Living and Leisure Australia Trust

ARSN 092 701 589

(Responsible Entity: Living and Leisure Australia Management Limited
ABN 60 101 634 315, AFSL 280985) and

Living and Leisure Australia Limited

ABN 92 107 863 445



RECAPITALISATION PROPOSAL UPDATE

In relation to the Recapitalisation Proposal announced on 16 May 2008, Living and Leisure Australia Group (**LLA**) advises that the recapitalisation documentation and transactions have been substantially progressed and it remains confident that the recapitalisation will proceed.

Timing of Rights Offer

LLA expects that the offer document for the Rights Offer will be lodged in late June 2008 and that the recapitalisation will be completed by 31 July 2008.

Replacement of Bank Facilities

LLA has agreed with its senior secured lender, National Australia Bank (**NAB**), that NAB will continue to forbear in relation to LLA's senior secured facilities until 31 July 2008 provided that LLA lodges its offer document for the Rights Offer by no later than 30 June 2008.

LLA is working closely with the proposed incoming bank facility providers to ensure that the documentation for its new senior debt facilities are completed before the Rights Offer documentation is lodged. The proposed facilities include a \$75 million senior secured facility with a working capital facility of an additional \$10 million.

Replacement of Mezzanine Facility

LLA understands that agreement has been reached on the final commercial terms for:

- the replacement and reduction of the total debt owed by LLA to the Octaviar Premium Income Fund by various parties including Arctic Capital; and
- the acquisition from the Octaviar Group of Living and Leisure Australia Management Limited, the responsible entity of the Living and Leisure Australia Trust, by Arctic Capital subject to standard conditions precedent and final commercial due diligence,

and expects that both acquisitions will be fully documented within the recapitalisation timetable.

Julanne Shearer, the Independent Chair of LLA, said: "The Board has every confidence in the completion of the recapitalisation proposal given the realistic timetable now agreed with our senior secured lender together with the support of Arctic Capital. We acknowledge the difficult circumstances that LLA has found itself in. We assure our stakeholders that we believe the LLA recapitalisation proposal is in the best interests of LLA's creditors and security holders.

The recapitalisation of LLA will significantly reduce its debt. This, together with the support of Arctic Capital and the incoming senior secured financiers, will offer all stakeholders of LLA an opportunity to benefit from the company's growth initiatives commenced in 2007. The

For further information please contact

Investor Relations: **1300 309 676**
E-mail: mail@livingandleisure.com.au
Website: www.livingandleisure.com.au

REGISTRY
Computershare Investor Services Pty Ltd
Level 19
307 Queen Street
BRISBANE QLD 4000

For personal use only

recapitalisation will give LLA a conservative debt profile and stronger partnerships. The strength of LLA's underlying assets and their operational teams have ensured their continued stability and performance despite the significant pressures at the LLA group level."



Julanne Shearer
Independent Chair
16 June 2008

Media enquiries:

Kathy MacDermott at Rowland on 07 3229 4499 or 0448 844508
Carrie Mietzel at Rowland on 07 3229 4499 or 0407 790 419

For personal use only

For further information please contact

Investor Relations: **1300 309 676**
E-mail: mail@livingandleisure.com.au
Website: www.livingandleisure.com.au

REGISTRY
Computershare Investor Services Pty Ltd
Level 19
307 Queen Street
BRISBANE QLD 4000