



## 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

## SUCCESSFUL COMPLETION OF RECAPITALISATION

Living and Leisure Australia Group (**LLA**) has successfully completed its recapitalisation proposal as described in the offer document for LLA's rights offer dated 4 July 2008 (**Prospectus**).

The major elements of the recapitalisation include:

- The issue today of new stapled securities under the rights offer to raise \$100 million;
- The introduction of new securityholders with the potential to add significant strategic value to the future growth of the business including investment vehicles of Arctic Capital Limited, Morgan Stanley Strategic Finance Group and Goldman Sachs Asian Special Situations Group;
- Refinancing over \$200 million of current debt including discharging today its current senior secured facility with National Australia Bank and entering into new senior secured term and working capital facilities with Australia and New Zealand Banking Group;
- Reducing gearing from over 50% to 30% and restructuring current unsecured debt owed to the Premium Income Fund (**PIF**) with long term mezzanine facilities with the incoming major securityholders and PIF as described in the Prospectus;
- Securing for the benefit of LLA the compromise of \$5 million of LLA's PIF debt as described in the Prospectus;
- The execution of definitive documentation by Arctic Capital Limited to acquire Living and Leisure Australia Management Limited (**LLAM**), the responsible entity of the Living and Leisure Australia Trust from the Octaviar group; and
- Retaining maximum value for existing securityholders following the liquidity issues confronting LLA's previous major securityholder and the demands by LLA's former senior secured facility provider to repay debt.

### **The Rights Offer**

Under the rights offer LLA received valid subscriptions for 105,123,557 new securities. The Underwriter, Arctic LES (Ireland) Limited, together with Morgan Stanley and Triumph II Investments (Ireland) Limited (**Triumph II Investments**), an indirect wholly owned subsidiary of Goldman Sachs Group Inc., have subscribed in aggregate for 2,394,876,443 new securities to raise \$100 million. Following the rights offer, Arctic holds 49.3% of LLA's issued securities, Morgan Stanley holds 19.9% and Triumph II Investments holds 19.4%.

Julanne Shearer, the Independent Chair of LLA, said "We are very pleased for all of our securityholders and our other stakeholders that we have been able to complete the rights offer and recapitalise LLA. As discussed in our Prospectus, LLA looks forward to consolidating its previous growth initiatives."

"The recapitalisation has significantly reduced LLA's gearing and places LLA in a position to pursue future growth."

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For further information please contact

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“LLA’s underlying business continues to perform well and LLA’s management is looking forward to being able to focus more fully on the businesses following the recapitalisation. LLA will work closely with Arctic Capital to maximise the businesses’ returns and efficiencies.”

Mr Craig Carracher, the Chief Executive Officer and Managing Partner of Arctic Capital Limited, which underwrote the recapitalisation proposal, said Arctic Capital, Morgan Stanley and Goldman Sachs were each attracted to LLA by:

- LLA’s strong cash flow operating businesses;
- LLA having largely completed significant capital expenditure investment across its businesses including specifically its investment and expansion in the treetops walks business with the opening of the Illawarra Fly, the investment in snow making infrastructure at Mt Hotham and Falls Creek and the launch later this year of the new Antarctic Exhibition at Melbourne Aquarium which almost doubles the floorspace of that aquarium; and
- The strong platform of “edutainment” assets that LLA has aggregated and the potential growth across the developing Asian markets for education based entertainment assets.”

“We look forward to working closely with management to further improve operational performance across the businesses, to support the execution of the Asian growth platform and to add value to the existing strong management team at each of the businesses.”

### **Arctic Capital acquires LLAM**

Arctic Capital has entered into a share acquisition agreement to acquire LLAM, the responsible entity of the Living and Leisure Australia Trust, from the Octaviar group and expects that it will complete the acquisition of LLAM in the next few weeks following it obtaining of a number of consents from third parties.



**Julanne Shearer**  
**Independent Chair**  
6 August 2008

#### **Media enquiries:**

Carrie Mietzel at Rowland on 07 3229 4499 or 0407 790 419

### **About Arctic Capital**

Arctic Capital is a wholly owned Hong Kong subsidiary of Consolidated Press Holdings Limited (**CPH**) established in 2007 to manage third party funds across the Asian and Australasian markets. Arctic Capital is the investment advisor to the Arctic Asia Opportunities Fund, LP (**Fund**), its first pan Asian private equity fund. The Fund maintains a conservative, low gearing investment strategy focused on, privileged and/or compelling opportunities that leverage the high growth Asian markets. Arctic Capital’s senior professionals include long term executives from within the CPH group complemented by a growing team of professionals from the Asian region. Arctic Capital has offices in Hong Kong and is opening a representative office in Beijing supported by CPH’s Sydney office infrastructure.

### **About Morgan Stanley**

Morgan Stanley Strategic Finance Group is a principal investment group based in Hong Kong, focussed on opportunities across the Asia Pacific.

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. Morgan Stanley’s employees serve clients worldwide from more than 600 offices in 33 countries.

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## **About Triumph II Investments**

Triumph II Investments is a company incorporated under the laws of Ireland and is an indirect wholly-owned subsidiary of the Goldman Sachs Group, Inc. (**Goldman Sachs**). Triumph II Investments is an investing entity managed by the Asian Special Situations Group (Hong Kong office), a group that engages in principal investments throughout Asia-Ex Japan including China, India, Korea, SE Asia, the Philippines and Australia. The group's wide investment mandate includes debt instruments, such as distressed, mezzanine and structured transactions, to public and private equity, hard asset and real estate transactions and opportunistic investing, such as high yield and growth opportunities.

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base. Founded in 1869 it is one of the oldest and largest investment banking firms headquartered in New York and maintains offices in most financial centres around the world.

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