

## **CHAIRS ADDRESS – NOVEMBER 25 2009**

Good afternoon.

Thank you for joining us here today for Living and Leisure's 2009 Annual General Meeting.

Welcome to our security holders, members of the Board, management, staff and members of the media.

After what has been a challenging year for businesses worldwide, Living and Leisure has come through the economic upheaval a stronger business, ready to take on the challenges of 2010.

When I addressed this meeting last year, Living and Leisure had begun to emerge from one of the most tumultuous periods of its corporate life. The strength and determination we gained working to achieve the Group's \$100 million recapitalisation and corporate restructure in 2008, combined with our commitment to preserving cash flow, minimising expenses and paying down debt, positioned us well to address the challenges presented by the global financial crisis.

The key appointment of John Schryver as CEO of the Group in November 2008 reinforced our already strong leadership team and provided the security we needed to pursue our growth and consolidation strategies.

As a Group we have worked particularly hard throughout the year to build on our strong foundations with our Board, management team and staff.

Oceanis, Australian Alpine Enterprises and Treetop Walks all felt the effects of the GFC, however we responded to the challenge, drawing on our significant industry expertise to support the decisions we made.

The geographic diversity of our attractions also provided protection from the effects of the economic downturn, while the more efficient use of our established facilities helped us to ensure the long-term sustainability of our operations.

Our aquariums, ski fields and treetop walks were well patronised throughout the year. During what have been uncertain financial times, our attractions offered a cost-effective leisure option for the increased numbers of families who chose to save their money and holiday at home. We will continue to review our product offerings to enhance the experiences we provide our customers and generate return visitation.

One of the Group's greatest recent achievements was the successful opening of the Melbourne Aquarium expansion in November 2008, including the world-class Antarctica exhibit. The new exhibit developed such a reputation as a 'must see' attraction that even Tom Cruise bought daughter Suri to visit the penguins earlier this year.

Melbourne Aquarium's success was recognised last week by the industry when it won the 'Best Major Tourism Attraction' award at the annual Victorian Tourism Awards.

Visitors to Melbourne Aquarium reached record numbers over the 2008/09 summer holiday period and visitation continued to build throughout the year. Unique and targeted marketing initiatives helped visitation to surge during each school holiday period.

10 King and 24 Gentoo Penguins now call Melbourne Aquarium home. Our new penguin breeding program has commenced and we hope to have news of new penguin hatchlings in early 2010.

Our strategy over the past year focused on three very important aspects of our business – our people, our assets and our operations. Our commitment to employing sustainability practices across the Group has also been a key focus.

Importantly, the recapitalisation reduced our outstanding debt and allowed us to consolidate our business and operations. Through a fully underwritten Renounceable Entitlement Offer, supported by our now major security holders and backers, we refinanced more than \$200 million of current debt and entered a new senior secured term and working capital facilities arrangement with ANZ Banking Group. We also restructured unsecured debt with long-term mezzanine facilities to reduce our gearing from 50% to 30%.

Thank you to our underwriter and major security holder Arctic LES (Ireland) Limited, our other major investors Morgan Stanley Australia Securities Limited and The Goldman Sachs Group Inc, and all security holders who supported the Offer, for your continuing support.

Towards the end of 2008, we commenced a review of our capital management strategies with a view to maximising returns and streamlining the efficiency of our operations. Our aim was to ensure our corporate operations and each of our attractions was achieving value for money for visitors and building value for security holders. The consolidation of all corporate functions in Melbourne in May 2009 was a major step towards achieving this goal.

In early 2009 we reintroduced our security holder loyalty program, offering discounts and extra benefits to security holders who visit each of our attractions. We believe our security holders are our best ambassadors and have committed to run this program again in 2010.

As a Group, we could never have achieved the success we have during the past 12 to 18 months if it wasn't for Living and Leisure's dedicated Board, management and staff.

Our people are the core of our business. We are committed to ensuring we have the right people working in the right positions.

A number of strategic appointments to the Board were made during the year, adding the knowledge and expertise we required in key areas identified for growth.

Following the recapitalisation, Craig Carracher was appointed non-executive director with Martin Green as his alternate. The recapitalisation was a critical turning point in LLA's corporate history and both Craig and Martin worked tirelessly to reinvigorate the Group.

However, as I announced on Monday, Craig has withdrawn his nomination and is resigning from the LLA Board. I sincerely thank Craig for his tireless work and strategic vision for LLA during the recapitalisation and throughout the past 12 months. We wish him well.

Replacing Craig will be Mr Glenn Wein, Head of Private Equity at Consolidated Press Holdings Limited. Glenn will be appointed to the Board as a non-executive director. He will also be appointed as a non-executive director of Living and Leisure Australia Management Limited, LLA's Responsible Entity, by Arctic Capital. Glenn's career prior to joining CPH included being Managing Director of Rothschild Australia and Head of Principal Investments, Executive Director of Morgan Stanley's Mergers and Acquisitions Group and a corporate law attorney with Arnold Bloch Leibler.

We welcome Glenn to the Board and look forward to working with him to continue the growth and development of LLA.

Other strategic Board appointments throughout the year included the appointment of Brett Chenoweth, who joined the Board in December 2008 as an independent non-executive director. Brett brings an excellent knowledge of the IT industry to LLA. Andrew Kerr, who has a depth of experience in property transactions, also joined the Board as an independent non-executive director in May 2009.

I sincerely thank each member of the Board for their energy and commitment to working with me to identify and action future initiatives for the ongoing success of Living and Leisure.

And finally, I would like to recognise the hard work and determination of our CEO John Schryver. Before taking on the role of Acting Group CEO, John was CEO of our Australian Alpine Enterprises business, a position he has retained. John has played an integral role in leading the Group through its transformation, from prior to the recapitalisation to the position of strength and achievement we hold today.

In 2010 we will continue to build on our foundations and vision for the benefit of all our security holders. I am confident, with your ongoing support, the exciting and sustainable future we have before us will be realised.

Now, please welcome our CEO John Schryver.