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MACQUARIE

MACQUARIE LEISURE TRUST Newsletter May 2003

Welcome to the May 2003 Macquarie Leisure Trust Newsletter

Dear Unitholders

In April, the manager of Macquarie Leisure Trust (MLE) announced a proposal to streamline its structure and boost unitholder returns.

This special edition of our regular newsletter sets out the reasoning behind this proposal and provides unitholders with an overview of the new operating structure and expected benefits.

As you may be aware, the proposal does not require existing unitholders to invest additional cash funds.

Essentially, the proposal involves internalising the operational management of the Trust which will result in unitholders owning 100% of a new management company called Macquarie Leisure Operations Limited (MLOL). This new company will manage the Trust's assets, Dreamworld and the d'Albora Marinas.

Shares in MLOL will be stapled to units in MLE. For example, for every unit you hold in MLE, you will receive one share in MLOL. Once stapled, these will be known as stapled securities and will trade on the ASX as a single security.

We believe the proposal will deliver an increase in returns to unitholders and lead to a positive re-rating of the Trust.

Soon you will receive a copy of the Explanatory Memorandum which covers the proposal in detail. This will also include a copy of the Independent Expert's Report, commissioned by the Trust's independent directors, which will analyse the proposal in terms of its impact on unitholders.

Prior to the extraordinary unitholder meeting in Sydney, an **Investor Briefing** on the proposal will be held in Brisbane – details are provided in this newsletter – and unitholders are encouraged to attend. Unitholders who are not able to attend either event would have had the opportunity to speak with management at the Macquarie Property Seminar series held from 12 – 19 May in most states.

If you have any queries about the proposal, please call us on 1300 365 585.

We have also included in this newsletter an update on Dreamworld's new children's attraction, Nick Central, Big Brother 3, and a summary of the Trust's recent results.

Thank you for your continued support.

Francina Kok
General Manager



Dreamworld: Reptar roller coaster at Nick Central

Proposal Overview

The proposal to introduce a streamlined corporate structure for Macquarie Leisure Trust (MLE) is expected to enhance revenue and boost unitholder returns.

This is to be achieved by internalising the operational management of the Trust's assets which will result in unitholders owning 100% of a new operating company that will manage the Trust's assets.

Current Structure

MLE's current structure involves the lease of its assets to Omni Leisure Operations Limited (Omni) which operates the Trust's theme park, Dreamworld, and marina portfolio, the d'Albora Marinas.

Omni is currently owned 40% by MLE, 30% by Macquarie Bank Limited (MBL) and 30% by Splash Leisure Pty Limited (Splash Leisure).

As a result, 60% of the operating income of Omni is lost to external parties. The current structure is also complex and the interests of the operator are not fully aligned with those of unitholders.



d'Albora Marina: Akuna Bay

Proposed Structure

The proposal simplifies this structure via a two step procedure:

Step 1: Acquisition

Essentially, unitholders are acquiring the 60% of the operational management business of the Trust's assets that the Trust does not already own.

Under the proposal, unitholders acquire the key contracts and assets of Omni. A new operating company, called Macquarie Leisure Operations Limited (MLOL), will then enter into new leases for the Dreamworld and d'Albora Marina assets. These new leases will reflect current market terms and increase MLE's rental entitlements.

Compensation for Macquarie Bank's and Splash Leisure's combined 60% interest in Omni has been negotiated at \$3.9 million, which is less than the Independent Expert's valuation of \$6.0 million (midpoint).

Both parties wish to continue their involvement with the Trust and have agreed to receive their compensation by way of units in the Trust. These units will be placed in voluntary escrow for 12 months.

Importantly the proposal does not require Unitholders to contribute any additional cash funding.

Step 2: Restructure the trust by stapling

The second part of the proposal involves a restructure of the Trust, with units in the Trust stapled to shares in the new operating company, MLOL, on a one-for-one basis.

The stapled securities will trade as a single security on the ASX.

MLOL will then be 100% owned by unitholders, with all of its net income flowing directly to unitholders.



Dreamworld: Dora's Soaring Seaplane at Nick Central

Investor Benefits

Directors believe implementation of the proposal should result in a number of benefits for MLE unitholders, including:

- **Increase in earnings per unit.** The Trust's rental entitlements will increase and operational income leakage to external third parties will be eliminated. If implemented on 1 July 2002, earnings per unit for the full year to 30 June 2003 would have increased from a forecast 7.6 cents to 8.5 cents, (midpoint).
- **Increased cash distributions.** If the proposal had been implemented on 1 July 2002, it is estimated the increase in earnings would have led to an increase in distributions per unit from 7.5 cents to 8.0 cents.
- **A possible price re-rating.** Driven by higher forecast distributions per stapled security.
- **Alignment** of the interests of unitholders and the operating company. The change in ownership of the operating company will allow it to focus on the management of activities related to the Trust's assets.
- **Enhanced NTA.** Net tangible asset backing per stapled security is expected to increase from \$0.699 to \$0.718.

Independent Advisors and Experts

The independent directors of Macquarie Leisure Management Limited, the responsible entity of the Trust, appointed BDO Corporate Finance as an Independent Expert in relation to the proposal.

Its report concludes "The consideration payable to the vendors in relation to the effective acquisition of a 60% interest of Omni together with the stapling of MLOL shares to MLE units under the Proposal is fair and reasonable when considering solely the interests of non-associated unitholders".

The Independent Expert's Report and an Explanatory Memorandum will be distributed to unitholders prior to the extraordinary unitholder meeting.

MLE has appointed J.P.Morgan to act as advisors to the independent directors of MLE.

Unitholder Approval

The restructure is subject to unitholder approval and if this is received the new structure will apply for the 2004 financial year.

It is important for you to exercise your right to vote. One of the resolutions is a special resolution and will require more than 75% of the votes cast to vote in favour.

We strongly encourage unitholders to attend and vote at the extraordinary unitholder meeting. If you are unable to do so, you may vote by completing and returning the proxy form in your Explanatory Memorandum.

Unitholder Meeting details:

11.00am, Monday, 16 June 2003
Macquarie Bank Limited
Level 22
20 Bond Street
Sydney NSW 2000

Please RSVP on 1300 365 585
by 12 June 2003 to assist with catering arrangements.



Dreamworld: Rugrat "Chucky" with kids at Nick Central

Investor Briefing

The manager of the Trust, Macquarie Leisure Management Limited (MLML), will be holding an Investor Briefing in Brisbane to give unitholders an opportunity to hear about the proposal first hand.

Representatives from MLML will lead the presentation and will be available for informal discussions with unitholders at the close of the session.

Unitholders interested in attending the Investor Briefing are encouraged to RSVP on 1300 365 585 or email propfunds@macquarie.com.au by 23 May 2003 for catering purposes.

Management will be available at the briefing to collect your Proxy Form.

Investor Briefing Details

9.30am, Tuesday 10 June 2003
 Sheraton Hotel
 249 Turbot Street
 Brisbane, Qld

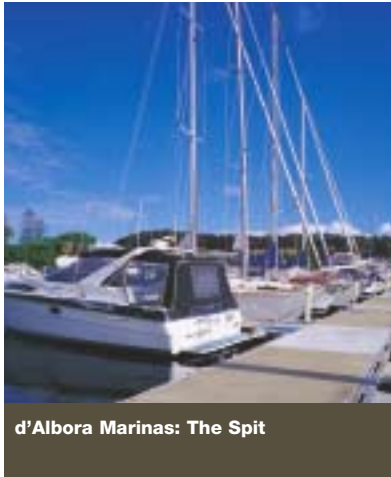
Timetable

There are a number of milestones that need to be reached for implementation of the proposal. These are outlined below in an indicative timetable:

Explanatory Memorandum, including Independent Expert's Report, to be distributed to unitholders	Friday 23 May 2003 (expected)
Investor Briefing on proposal	Tuesday 10 June 2003 9:30am Sheraton Hotel, Brisbane RSVP: Thursday 5 June
Last date for receipt of Proxy forms	Saturday 14 June 2003
Extraordinary Unitholders Meeting	Monday 16 June 2003 11:00am Macquarie Bank Limited Level 22, 20 Bond Street Sydney NSW RSVP: Thursday 12 June
MLE stapled security trades on ASX	Friday 4 July 2003 (expected)



d'Albora Marinas: Nelsons Bay



d'Albora Marinas: The Spit

Recent Performance: Improved Result

MLE achieved an excellent first half result for the 2002/2003 financial year, with solid performances from Dreamworld and d'Albora Marinas leading to a 16.5% increase in Trust income to \$10.1 million (\$8.7 million in the prior year).

Dreamworld continued a 19 month trend of improved performance confirming its position as one of Australia's more popular leisure attractions.

Nick Central, the new family themed attraction, is expected to contribute to Dreamworld's full year performance along with the third series of the Big Brother franchise.

Strong attendance has continued at the theme park despite SARS and the Iraq War, with Easter attendances up 14% on the similar period last year.

High demand for d'Albora Marinas' berths is expected to continue over the full year.

Macquarie Leisure's outlook is for consolidation of recent revenue trends, with stable revenue growth and ongoing efficiency improvements laying the groundwork for future growth.

Dreamworld Excess Land Receives Minister's Endorsement

On 1 May 2003 the Queensland Minister for Local Government endorsed the new Planning Scheme for the Gold Coast. The Scheme is now anticipated to be adopted by Council in August 2003. Based on independent valuations, the value of Dreamworld's excess land has been assessed at between \$20-\$21 million once the Scheme is operational. This increase in value compares favourably to the current book value of \$12 million.



Dreamworld: Slime Time live at Nick Central

Update: Nick Central

Nick Central, a new kids-themed area branded with Nickelodeon characters was opened in time for the summer holiday period by the Premier of Queensland, Mr Peter Beattie.

Aimed at reinforcing Dreamworld's appeal to families, the kids-themed area is branded with Nickelodeon characters and rides.

Nick Central is the first Nickelodeon themed attraction outside the US and has attracted scores of young children and their families to Dreamworld.

There are 16 rides and attractions at Nick Central, the names of which are linked to Nickelodeon's range of popular children TV

programs - such as the "Runaway Reptar Rollercoaster", the Rocket Power Bumper Beach Dodgem Cars and an interactive foam ball factory called The Wild Thornberry's Rainforest Rampage which has 20,000 foam balls blasting around a two storey adventure playground.

Nickelodeon is seen in 125.4 million households and 139 countries.

Child attendances since the opening of Nick Central confirm anecdotal feedback on its popularity. Compared to the same period in 2002, child attendances from the Australasian market increased by 24%.



Dreamworld: Big Brother studio audience

Update: Big Brother is back at Dreamworld

Hold onto your seats! All the 'live' action of Big Brother is back at Dreamworld as the third series of the Network Ten television show hits TV screens across Australia and New Zealand. The Southern Star Endemol production is produced live from Dreamworld's Big Brother studios located within our famous Gold Coast theme park.

From 11 May 2003, Dreamworld will host the Big Brother Eviction shows live from Dreamworld studios. Tickets are available from the Big Brother Call Centre – on-site at Dreamworld for the duration of the 2003 series - by phoning 07 5556 1111.

The Big Brother House located on-site at Dreamworld will reopen to theme park guests later in 2003 after the third Big Brother series has finished. More than 270,000 people toured the house after the second Big Brother series.

Distribution Reinvestment Plan

Did you know that by reinvesting your distributions in the Trust's distribution reinvestment plan (DRP), you can buy Macquarie Leisure Trust units at a discount, and pay no brokerage fees?



Dreamworld: Cyclone roller coaster

What is a DRP?

- A DRP allows you to use your distributions to 'buy' new units in the Trust.
- Investors who participate in the DRP currently receive a 2.5% discount on the 'market price' (based on an average closing price over 5 days).
- No brokerage is charged on your new units since the units are issued directly by the manager.

What do I have to do to participate?

- We sent you a blue booklet describing our DRP programme – consult this for full details.
- If you don't have your booklet, call ASX Perpetual Registrars on 1300 303 063.

Contact Details

To find out more about Macquarie Leisure Trust, talk to your advisor or contact us:

Email propfunds@macquarie.com.au
Call 1300 365 585 (local call cost)
Fax (07) 3233 5206

Contact the unit registry if you want to:

- change your address
- lodge your tax file number
- register for the DRP

ASX Perpetual Registrars Limited

Email registrars@aprl.com.au
Call 1300 303 063

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