

Annual General Meeting – 2009/10

Chairman's Address – Mr David Paranthoiene

I would like to welcome you to the Lifestyle Communities Limited 2009/10 Annual General Meeting. Over the past few years at Lifestyle Communities, we have pursued with determination our goal of offering affordable seniors housing and fostering outstanding community spirit within our communities. We believe that everyone has the right to enjoy security and comfort regardless of wealth. This commitment to building quality affordable homes and managing communities that offer appealing lifestyles has enabled us to build a business that continues to deliver solid results.

As set out in our most recent Annual Report, we are pleased to report a profit before tax of \$7.6 million compared with \$1.0 million in the prior year. Our growing base of homes is generating substantial recurring revenues and, along with home sales, brings our total revenues this year to over \$23.9m. New home sales have continued at a steady and consistent rate across all of our villages and we anticipate this will continue in the next financial year. At 30 June 2010 we had accumulated net tangible assets of \$27.5m, up from \$22.1m last year.

We now have villages operating in Melton, Tarneit and Warragul. The first of our developments, Brookfield Village in Melton, is virtually complete and Tarneit and Warragul have seen good take-up after launching in 2008. We have three further developments in planning following the announcement last week of a new village - Lifestyle Bayside at Chelsea Heights, with our next village at Cranbourne already under construction, with healthy pre-sale activity. Total site capacity has now reached 1,200 homes and will grow further as we identify new strategically located sites for development during the 2011 financial year.

Resident feedback from each of our villages indicates a high level of lifestyle satisfaction as well as a thriving sense of community and the extensive facilities and activities on offer are well utilised by the independent and active residents that live in our communities.

In Australia, we are facing the challenges arising from an ageing population. We are also living longer and many people are retiring without sufficient assets to ensure a comfortable retirement. More than 50% of people over the age of 65 have less than \$300,000 in assets and as a result, retirees are seeking more affordable housing. This is inevitably causing a rethink about retirement lifestyles and industry analysts have predicted that demand for affordable seniors housing could double or treble over the period to 2030.

As well as increased numbers of people reaching retirement age, it is anticipated that growth will also arise from the increasing popularity of community living. It has been estimated that in Australia the current number of available retirement or lifestyle village



units proportionate to our population, is a mere one third of that in the USA. As this gap closes, the demand for the type of accommodation that Lifestyle Communities offers will inevitably increase.

With our strategic focus on affordable seniors living, Lifestyle Communities is very well placed to meet this increasing demand and we are moving forward with confidence. We have reviewed and re-focused on our three-pronged strategy of:

1. Developing and operating affordable seniors housing within communities that offer active lifestyles,
2. Creating long term stable and recurring sources of income, and
3. Maintaining a growth strategy that is balanced with the right level of debt funding and rewards for shareholders.

Our business model is now proven to generate substantial long-term annuity income from land rental, as well as more traditional revenue from home sales and deferred management fees. This will enable us to expand our capital base, commence new projects and replicate the success to date.

At Lifestyle Communities, we have a great team who are connected with our customers through the ongoing management of our villages. We are fortunate to have a low level of staff turnover and our three founding partners also remain very active in the Company's day-to-day operations. On behalf of all shareholders, I thank them for their contribution.

We continue to benefit from the valuable knowledge of our board which has not seen any change this year. I thank my fellow directors for their efforts to ensure we remain innovative and forward-looking, while at the same time balancing strategic growth with risk minimisation.

I would now like to invite Mr James Kelly, Managing Director of Lifestyle Communities, and one of the founders of the business, to provide a more detailed review of the company's operations.

David Paranthoiene
Chairman
24 November 2010