

21st September 2011

Security Sale Facility - Unmarketable Parcels

Lifestyle Communities Limited (LIC) today announces that it has instituted the sale of ordinary shares for holders of unmarketable parcels of shares.

The record date is 16 September 2011 and the Company has sent the attached letter and terms and conditions to shareholders. Under the ASX Listing Rules, an unmarketable parcel is considered to be a shareholding of less than \$500.

The sale of unmarketable parcels is permitted under Rule 5.5 of the Company's Constitution unless the shareholder instructs the Company not to sell part or all of their shares.

As at the record date, the closing price of the Company's securities was \$0.13 and on this basis an unmarketable parcel is 3,846 shares or less. The Company is seeking to sell up to 1,494,313 shares constituting unmarketable parcels. The Company currently has approximately 1,849 shareholders who hold an unmarketable parcel. The Company estimates the value of the shares held by all holders of unmarketable parcels to represent \$194,261 at \$0.13 per share. Shareholders who own 3,846 shares or more will not be eligible to participate in the unmarketable parcel sale.

Shareholders with an unmarketable parcel who wish for their shareholding to be sold by the Company are not required to do anything.

Shareholders with an unmarketable parcel who wish to retain their shareholding need to complete a Share Retention Form. The original Share Retention Form needs to be received by the Company's share registry by 5.00pm (AEDST) on 4 November 2011 otherwise their shares will be sold by the Company.

The closing date of the unmarketable parcel sale is 4 November 2011.

If an entity holds shares in the Company on trust for multiple entities, whereby the value of the combined shareholding of all the entities held on trust is less than \$500, then the Company will sell the shares of each entity held on trust unless a Share Retention Form is received by the Company.



The Company will forward as soon as is practicable the proceeds of the sale of unmarketable parcels to all shareholders whose shares are sold by the Company under the unmarketable parcel sale. There will be no brokerage fees payable by shareholders whose shares are sold by the Company.

Under the unmarketable parcel sale, shares will be sold by a nominated broker authorised to handle the sale of unmarketable parcel shares.

For further information contact:

Dael Perlov

Lifestyle Communities

Phone: (03) 9682-2249

Email: info@lifestylecommunities.com.au

About Lifestyle Communities

Based in Melbourne, Victoria, Lifestyle Communities develops, owns and manages affordable independent living senior's communities.

21 September 2011

MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3000

Dear Shareholder,

This is an important letter concerning your shareholding in Lifestyle Communities Limited.

I am writing to you on behalf of the Board of Directors to advise you that Lifestyle Communities Limited (Lifestyle Communities) is putting in place a share sale facility for holders with an unmarketable parcel (i.e. shares have a total value of less than \$500). The Record Date for this facility is 7.00PM (AEST) Friday on 16 September 2011.

Lifestyle Communities is offering this facility to assist holders of unmarketable parcels of shares to sell them without incurring brokerage costs. It will also reduce Lifestyle Communities' ongoing costs associated with administering shareholders.

Unless you advise the Lifestyle Communities share registry by 5.00pm (AEDT) Friday on 4 November 2011 that you want to retain your shares, your shares will be sold and you will be sent the sale proceeds (at a later date).

The share sale facility is being operated in accordance with Rule 5.5 of Lifestyle Communities' constitution and the Australian Securities Exchange (ASX) Listing Rule 15.13.3.

If you want to sell your shares under the facility – you need to take no further action.

Your shares will be sold on your behalf by Lifestyle Communities after 4 November 2011. You will not need to appoint a broker or pay the brokerage and handling costs associated with the sale of shares under the facility. Any tax consequences from the sale of your shares will be your responsibility.

If you want to retain your shares – you must complete and return the enclosed Share Retention Form to Computershare Investor Services Pty Limited, GPO Box 52, Melbourne, Victoria 3001, Australia by 5.00pm (AEDT) Friday on 4 November 2011.

Facsimile of the Notice will not be accepted.



If you do not return the Share Retention Form by the closing date, your shares will be sold.

If you wish to increase your shareholding to a marketable parcel, you should contact your broker.

If you have a number of holdings which you wish to consolidate, please contact the registry on **1300 850 505** (within Australia) or **+61 3 9415 4000** (outside Australia).

For further clarification, please refer to the additional information attached to this letter or contact Lifestyle Communities' share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you are in any doubt, or if you require information regarding possible taxation implications from participation in the facility, please consult your legal, financial or taxation adviser.

Yours sincerely,

Mr David Paranthoiene
Chairman
Lifestyle Communities Limited



TERMS AND CONDITIONS OF UNMARKETABLE PARCEL SALE FACILITY ('THE SALE FACILITY')

These terms and conditions and the accompanying 'Share Retention Form' set out the terms and conditions by which the Sale Facility will operate.

1. What is the Unmarketable Parcel Sale Facility?

The Sale Facility allows Lifestyle Communities to sell shares on behalf of shareholders who hold less than a marketable parcel (less than \$500 worth of Lifestyle Communities ordinary shares) on a particular date.

A Sale Facility is often implemented by listed companies in response to the disproportionately high registry and administrative costs incurred by the company from maintaining shareholders with unmarketable parcels on its shareholder register.

2. Does Lifestyle Communities have the rights to sell Lifestyle Communities shares?

Yes, Lifestyle Communities is entitled, under Rule 5.5 of its Constitution and Australian Securities Exchange (ASX) Listing Rule 15.13.3, to sell the unmarketable parcels held by shareholders, unless they elect to retain their shares.

Proceeds from the sale must be remitted to shareholders of unmarketable parcels who participate in the Sale Facility.

3. What if I don't want my Lifestyle Communities shares to be sold?

If you wish to retain your Lifestyle Communities shares, you **MUST** complete the 'Share Retention Form' and return it so that it is received by Lifestyle Communities' registry by 5.00pm (AEDT) Friday on 4 November 2011.

4. What are the costs of having Lifestyle Communities shares sold on my behalf?

There are no brokerages or other transaction costs payable by shareholders. Taxation consequences arising from the sale of your shares under the Sale Facility will be your responsibility.

5. What is the last sale price as at record date?

The last sale price of Lifestyle Communities' shares on 16 September 2011 was \$0.13.

6. When will my Lifestyle Communities shares be sold?

Sales of shares will occur on ASX and are expected to occur as soon as reasonably practicable after 4 November 2011 and in any event no later than 2 December 2011.

7. How will my shares be sold?

Lifestyle Communities has appointed InvestorFirst Securities Limited (Broker) to act as execution only broker in selling Lifestyle Communities shares on ASX for Lifestyle Communities under the Sale Facility.



8. What will I receive for my shares sold under the Sale Facility?

The price you will receive for your shares will be calculated as the average price of all Lifestyle Communities shares sold by InvestorFirst Securities Limited under the Sale Facility. All participants who have their Lifestyle Communities shares sold under the Sale Facility will receive the same average price per share.

9. When will I receive the proceeds of the sale?

Within 7 days of the shares being sold, Lifestyle Communities will send you the proceeds of sale in accordance with your existing payment instructions in respect of your Lifestyle Communities shareholding. All sale proceeds will be paid in Australian dollars.

10. What if I buy or sell Lifestyle Communities shares in the meantime?

If you buy additional Lifestyle Communities shares that are registered by 7.00pm (AEDT) Friday on 4 November 2011 (under the same holder number as set out in this letter – SRN or HIN), and/or if the price of Lifestyle Communities securities increases such that your parcel of Lifestyle Communities shares is valued at more than \$500 on or before 4 November 2011, your Lifestyle Communities shares will not be sold under the Sale Facility.

If you sell your Lifestyle Communities shares, any balance remaining on the share register will be sold unless a Share Retention Form is received.

Important information

If you have any questions concerning the contents of this letter, please contact our registry, Computershare Investor Services Pty Limited, by telephone **1300 850 505** (within Australia) or **+61 3 9415 4000** (outside Australia).

Lifestyle Communities, its directors and officers, and the Broker make no recommendation as to whether you should participate in the Sale Facility and are not giving any advice to you.

You should consider seeking your own independent advice in relation to the Unmarketable Parcel Sale Facility.

How to complete this form

Shareholders who wish to retain their shares must lodge a Share Retention form.

A Registration Name(s)

Your name and address as it appears on the register of Lifestyle Communities Limited.

B Number of Shares as at Record Date

This is the total number of Shares you held at 7.00pm (AEST) on 16 September 2011.

C Retention of Shares

If you would like to retain your shares, please mark the box on the front of the form and return it in accordance with the lodgement instructions below.

If this form is not received by that time, and you have not otherwise validly notified the Company that you wish to retain your Shares by that time, the Company will be entitled to have your Shares sold for you.

If you wish to sell your Shares under the Unmarketable Parcel Share Sale Facility, you should not complete this form.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign and date the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the shareholders must sign.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Consolidation of shareholdings

If you have more than one holding on Lifestyle Communities Limited's register and you do not sell your Shares under the Unmarketable Parcel Share Sale Facility, you should consider consolidating them. For further advice in this regard, please contact Computershare Investor Services Pty Limited ('CIS') on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Lodgement of Form

If you wish to retain your Shares, this Share Retention Form must be completed and received by CIS Melbourne **by no later than 5.00pm (AEDT) on 4 November 2011.**

It is your responsibility to allow sufficient time for this form to be received by CIS. A reply paid envelope is enclosed for posting from within Australia.

Your Share Retention Form must be sent to the Company's share registry:

Lifestyle Communities Limited
c/- Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Share Retention Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for the Company, for the purpose of effecting your instructions in relation to the Unmarketable Parcel Share Sale Facility, maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to the Company and its professional advisers, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the Company in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your Shareholding please contact CIS on telephone 1300 805 505 (within Australia) or on +61 3 9415 4000 (outside Australia).

This form may not be used to notify your change of address. For information please contact CIS on 1300 805 505 or visit the share registry at www.computershare.com

S R F

L I C