

30 November 2012

Immediate release to the ASX

Mailing of Offer Booklet and Entitlement and Acceptance Form completed

Lifestyle Communities Ltd (ASX:LIC) is pleased to announce that the entitlement offer booklet and a personalised entitlement and acceptance form in connection with the Company's 1 for 1 non-renounceable pro rata entitlement offer announced on 20 November 2012 has been dispatched to Eligible Shareholders.

For further information, please contact

Lifestyle Communities

Geoff Hollis

Company Secretary

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Email: geoff.hollis@mylifestyle.com.au

About Lifestyle Communities

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



Lifestyle Communities Limited
ABN 11 078 675 153

Entitlement Offer Booklet

1 for 1 Non-Renounceable Entitlement Offer

Entitlement Offer closes at 5:00pm (Melbourne time) on Friday, 14 December 2012

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

Important information

ENTITLEMENT OFFER BOOKLET

This Entitlement Offer Booklet ("Booklet") is issued by Lifestyle Communities Limited (ABN 11 078 675 153) ("Lifestyle Communities").

This Booklet and the Entitlement and Acceptance Form are important and require your immediate attention. You should read these documents carefully and in their entirety before deciding whether or not to participate in the Entitlement Offer.

In particular, you should consider the risk factors outlined in the Investor Presentation (included in this Booklet as Annexure I).

Neither this Booklet nor the Entitlement and Acceptance Form is a prospectus for the purposes of the Corporations Act. Accordingly, these documents do not contain all of the information that a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus. They are not required to be, and will not be, lodged with ASIC.

This Booklet should be read in conjunction with Lifestyle Communities' other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

All numbers in this Booklet are in A\$ and financial data is presented as at the date stated in the Booklet. Lifestyle Communities does not give any undertaking or representation that information in this Booklet will be updated, except to the minimum extent required by law.

Neither Lifestyle Communities nor any other person warrants or guarantees the future performance of Lifestyle Communities or any return on any investment made under this Booklet.

This Booklet contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "predict", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Lifestyle Communities, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Lifestyle Communities nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia or New Zealand.

Please see the Investor Presentation and ASX Announcement (included in this Booklet as Annexure I and Annexure II respectively) for other important notices, disclaimers and acknowledgements.

Please see page 41 of this Booklet (inside back cover of this Booklet) for important Eligible Shareholder declarations in relation to the Entitlement Offer.

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30 November 2012

Dear Shareholder,

On 20 November 2012, Lifestyle Communities announced an equity raising to raise gross proceeds of \$36.5 million. The net proceeds of the equity raising will be used to increase the funds available for the development of new communities and reduce debt.

The equity raising comprises :

- a 1-for-1 fully underwritten non-renounceable pro-rata entitlement offer to raise approximately \$33.5 million ("Entitlement Offer"); and
- a placement to sophisticated and professional investors to raise approximately \$3.0 million ("Placement").

The Placement is conditional on successful completion of the Entitlement Offer.

The fully paid ordinary shares offered under the Entitlement Offer and Placement ("New Shares") will be offered at an offer price of \$0.07 (7 cents) ("Offer Price"). The New Shares will rank equally with existing Lifestyle Communities' shares.

The Board of Lifestyle Communities invites you to participate in the Entitlement Offer. The Entitlement Offer entitles Eligible Shareholders to subscribe for 1 New Share for every 1 existing Share held at the Record Date of 7.00pm (Melbourne time) on Wednesday, 28 November 2012 ("Entitlement").

Eligible Shareholders are not entitled to apply for New Shares in excess of their Entitlement.

You will find accompanying this letter a number of important documents, including:

- Instructions on "How to Apply", setting out how to accept all or part of your Entitlement if you choose to do so;
- Key dates for the Entitlement Offer;
- ASX announcements:
 - Investor Presentation released to ASX on 20 November 2012
 - Offer Announcement released to ASX on 20 November 2012
- Important Information; and
- A personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions on the Form and the instructions on "How to Apply".

The Entitlement Offer closes at 5.00pm (Melbourne time) on Friday, 14 December 2012.

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up.

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

If you have queries regarding the Entitlement Offer, please call (03) 9682 2249 or visit www.lifestylecommunities.com.au.

On behalf of the Board of Lifestyle Communities, I invite you to consider this investment opportunity and thank you for your ongoing support of Lifestyle Communities.

Yours sincerely

A handwritten signature in black ink, reading "David Paranthoiene". The signature is written in a cursive style and is positioned above a faint, rectangular stamp.

David Paranthoiene
Chairman
Lifestyle Communities Limited

Section 2 Overview of the Entitlement Offer

2.1 Entitlement Offer - overview

Lifestyle Communities will raise approximately \$33.5 million under the Entitlement Offer and an additional \$3 million under the Placement (which is conditional on the successful completion of the Entitlement Offer).

New Shares issued under the Entitlement Offer will be issued on a fully paid basis and will rank equally in all respects, including as to dividends and voting, with existing Lifestyle Communities shares. The Entitlement Offer is non-renounceable, which means that the Entitlements are non-transferable and cannot be sold or traded. The Entitlement Offer is fully underwritten.

Please refer to the Investor Presentation and ASX Announcement annexed to this Booklet for information about the purpose of the Entitlement Offer and for information about Lifestyle Communities' business, performance and strategy. You should also consider other publicly available information about Lifestyle Communities available at www.asx.com.au and www.lifestylecommunities.com.au.

2.2 Entitlement Offer – key details

The Entitlement Offer is fully underwritten and will raise approximately \$33.5 million.

Under the Entitlement Offer, Lifestyle Communities is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 1 existing Lifestyle Communities share held on the Record Date, being 7:00pm (Melbourne time) on Wednesday, 28 November 2012. Eligible Shareholders may not subscribe for New Shares in excess of their Entitlement.

The Offer Price under the Entitlement Offer is \$0.07 per New Share, which is the same as the offer price under the Placement.

The Entitlement Offer closes at 5:00pm (Melbourne time) on Friday, 14 December 2012. New Shares issued under the Entitlement Offer are expected to be allotted on Monday, 24 December 2012 and commence trading on Thursday, 27 December 2012.

2.2.1 Eligibility

The Entitlement Offer constitutes an offer only to Eligible Shareholders, being Shareholders on the Record Date who have a registered address in Australia or New Zealand.

2.2.2 Entitlement

The Entitlement of each Eligible Shareholder is printed on the personalised Entitlement and Acceptance Form distributed to Eligible Shareholders with this Booklet.

2.2.3 Participation in the Entitlement Offer

To participate in the Entitlement Offer, Eligible Shareholders need to ensure that their completed Entitlement and Acceptance Form and Application Monies are received by Lifestyle Communities before 5:00pm (Melbourne time) on Friday, 14 December 2012 OR that they have paid their Application Monies via BPAY[®] pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Please refer to Section 4 "Action to be taken by Eligible Shareholders" for further information.

2.2.4 Nominees

The Entitlement Offer is being made to all Eligible Shareholders (as defined in Section 2.2.1). Lifestyle Communities is not required to determine whether or not any registered holder is acting as nominee or the identity or residence of any beneficial owners of shares. Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

Please refer to Section 4 "Action to be taken by Eligible Shareholders" for further information.

2.2.5 Quotation and trading

Lifestyle Communities has applied to ASX for the official quotation of the New Shares in accordance with ASX Listing Rule requirements. Subject to approval being granted, it is expected that normal trading of New Shares will commence on Thursday, 27 December 2012.

2.2.6 Holding Statements

Holding statements are expected to be dispatched to Eligible Shareholders on Thursday, 27 December 2012. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Lifestyle Communities, the Registry and the Underwriter disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Lifestyle Communities, the Registry or the Underwriter.

2.2.7 Withdrawal of the Entitlement Offer

Lifestyle Communities reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case Lifestyle Communities will refund any Application Monies already received in accordance with the Corporations Act 2001 (Cth) and will do so without interest.

2.3 Related party sub-underwriting arrangements

Founders and major shareholders of Lifestyle Communities, James Kelly and Bruce Carter (who are related parties of Lifestyle Communities), have agreed to subscribe for a minimum of approximately 12% of the total Entitlements of all founding shareholders (comprising James Kelly, Bruce Carter and Dael Perlov). Messrs Kelly and Carter have also entered into sub-underwriting arrangements with the Underwriter on normal commercial terms, under which they may acquire additional New Shares.

Under the subscription and sub-underwriting arrangements entered into by the founding shareholders, following the Entitlement Offer :

- James Kelly will have a relevant interest in approximately 13% to 15% of Lifestyle Communities' total issued shares after completion of the Entitlement Offer;
- Bruce Carter will have a relevant interest in approximately 12% to 13% of Lifestyle Communities' total issued shares after completion of the Entitlement Offer; and
- Dael Perlov will have a relevant interest in 9% of Lifestyle Communities' total issued shares after completion of the Entitlement Offer.

In addition, Bellwether Investments Pty Ltd has entered into sub-underwriting arrangements with Lifestyle Communities by which Lifestyle Communities has agreed to issue a total of 12,500,000 five year call options over fully paid ordinary shares to Bellwether Investments Pty Ltd. The options will be exercisable at \$0.08 (8 cents) each.

Bellwether Investments Pty Ltd is controlled by James Craig, who is a related party of Lifestyle Communities by virtue of being a proposed director of Lifestyle Communities. As a consequence, the issue of options to Bellwether Investments Pty Ltd will require shareholder approval at a general meeting of Lifestyle Communities, which the Directors intend to call as soon as practicable. In the event that the issue of options is not approved, Lifestyle Communities will be required to pay a cash sum of \$155,000 to Bellwether Investments Pty Ltd in lieu of the fees owing in connection with its sub-underwriting commitments.

Section 3 Key dates

Key dates for Eligible Shareholders*

Release of announcement of Offer, Appendix 3B and Offer Cleansing Statement to ASX (Announcement Date)	Tuesday, 20 November 2012
Ex date for New Shares Entitlement	Thursday, 22 November 2012
Record Date for identifying Shareholders with New Share Entitlements	Wednesday, 28 November 2012
Dispatch of Offer Document and Entitlement and Application Forms to Eligible Shareholders (Opening Date)	Friday, 30 November 2012
Closing Date	Friday, 14 December 2012
Shortfall Notification Date	Wednesday, 19 December 2012
Allotment Date	Monday, 24 December 2012
Commencement of trading of New Shares on normal settlement basis	Thursday, 27 December 2012

The above timetable is indicative only and subject to change. All times and dates refer to Australian Eastern Daylight Time (Melbourne time). Lifestyle Communities, in conjunction with the Underwriter and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. In particular, Lifestyle Communities reserves the right to extend the closing date of the Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. Quotation of New Shares is subject to confirmation from ASX.

Section 4 Action to be taken by Eligible Shareholders

4.1 Available actions

If you are an Eligible Shareholder, accompanying this Booklet is an Entitlement and Acceptance Form showing the number of New Shares which you are entitled to subscribe for under the Entitlement Offer. You may take one of the following actions in respect of your Entitlement:

- apply for all or part of your Entitlement; or
- do nothing with all or part of your Entitlement. **IMPORTANT:** If you do nothing with your Entitlement, your Entitlement will lapse and you will not be able to subscribe for any New Shares or realise any other value for your Entitlement.

4.2 Accepting your Entitlement

If you are an Eligible Shareholder who wishes to accept all or part of your Entitlement, there are two different ways you can submit your Application and Application Monies:

- Option 1 – Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies; OR
- Option 2 – Apply and pay via BPAY®

4.2.1 Option 1 – Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies

To apply and pay by cheque, bank draft or money order, you should:

- read this Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- complete the personalised Entitlement and Acceptance Form accompanying this Booklet in accordance with the instructions set out on that form, and indicate the number of New Shares you wish to subscribe for; and
- return the form to the Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.07 multiplied by the number of New Shares you wish to subscribe for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Lifestyle Communities Limited - Issue' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the full Application Monies.

Cash payments will **not** be accepted. Receipts for payment will not be issued.

Your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than 5:00pm (Melbourne time) on Friday, 14 December 2012.

Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Closing Date and no New Shares will be issued to you in respect of that Application (and your Application Monies will be refunded to you).

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reaches the Registry at the following address:

Postal Address:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
AUSTRALIA

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at Lifestyle Communities' registered or corporate offices or any offices of the Registry.

For the convenience of Eligible Shareholders, an Australian reply paid envelope addressed to the Registry has been enclosed with this Booklet.

Note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

4.2.2 Option 2 – Apply and pay via BPAY®

To apply and pay via BPAY®, you should:

- read this Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment in respect of the full Application Monies via BPAY® for the number of New Shares you wish to subscribe for (being the Offer Price multiplied by the number of New Shares you are applying for) so that it is received by no later than 5:00pm (Melbourne time) on Friday, 14 December 2012. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

If you choose to pay via BPAY® you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and the representations outlined below in Section 4.3 "Implications of making an Application".

Your payment of the Application Monies will not be accepted after 5:00pm (Melbourne time) on Friday, 14 December 2012 and no New Shares will be issued to you in respect of that Application.

If you have multiple holdings you will have multiple BPAY® reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares you applied for, or is more than the number of New Shares you applied for, you will be taken to have applied for such whole number of New Shares which is covered in full by your Application Monies, to the extent that this does not exceed your Entitlement. Any Application Monies received in excess of your Entitlement will be refunded to you.

4.3 Implications of making an Application

Returning a completed Entitlement and Acceptance Form OR paying any Application Monies for New Shares via BPAY® will be taken to constitute a representation by the Eligible Shareholder that they:

- have received a copy of this Booklet accompanying the Entitlement and Acceptance Form, and read them in their entirety;
- make the Eligible Shareholder declarations set out below at page 41 (inside back cover of this Booklet); and

- acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.4 If you do nothing

If you are an Eligible Shareholder and you do nothing, your Entitlement Offer will lapse.

You should also note that, if you do not take up all or any of your Entitlement, then your percentage shareholding in Lifestyle Communities will be diluted.

4.5 Enquires

This Booklet and the accompanying Entitlement and Acceptance Form are important and require your immediate attention. You should read them in their entirety. If you are in doubt as to the course you should follow you should consult your stockbroker, accountant or other professional adviser.

If you:

- have questions in relation to the existing Lifestyle Communities shareholding upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- you have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Registry on 1300 850 505 (within Australia) or on +61 3 9415 4000 (from outside Australia) at any time from 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Entitlement Offer Period.

4.6 Taxation

If you have any questions regarding the taxation implications of an investment in New Shares please contact your taxation adviser.

Section 5 Important information

5.1 No prospectus

The Entitlement Offer complies with the requirements of sections 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35. Accordingly, neither this Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Entitlement Offer or Placement will be prepared.

5.2 Availability of Entitlement Offer Booklet

Eligible Shareholders with registered addresses in Australia or New Zealand can obtain a copy of this Booklet during the Entitlement Offer Period on Lifestyle Communities' website at www.lifestylecommunities.com.au or by calling the Registry on 1300 850 505 (within Australia) or on +61 3 9415 4000 (from outside Australia) at any time from 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Entitlement Offer Period.

Eligible Shareholders with registered addresses in Australia or New Zealand will be sent a copy of this Booklet and their Entitlement and Acceptance Form. You should ensure that you read the Booklet and the Entitlement and Acceptance Form in their entirety, and if accessing them electronically that you download the Booklet in its entirety (including the Annexures to the Booklet).

You will only be entitled to accept the Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Booklet, OR by making a payment of Application Monies via BPAY® (refer to Section 4 "Action to be taken by Eligible Shareholders" for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form. The electronic version of this Booklet on Lifestyle Communities' website will **not** include a personalised Entitlement and Acceptance Form.

5.3 Continuous disclosure

Lifestyle Communities is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Lifestyle Communities is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Lifestyle Communities has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its Shares. That information is available to the public from the ASX.

Some documents are required to be lodged with ASIC in relation to Lifestyle Communities. These documents may be obtained from, or inspected at, an ASIC office.

5.4 Not investment advice

The information provided in this Booklet and the accompanying Entitlement and Acceptance Form, is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The information contained in this Booklet and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which a Shareholder may require in order to determine whether or not to subscribe for New Shares. If you have any questions you should consult your professional adviser before deciding whether or not to invest.

5.5 Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Lifestyle Communities. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

5.6 No authorisation

No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Booklet. Any information or representation not contained in this Booklet may not be relied on as having been authorised by Lifestyle Communities in connection with the Entitlement Offer.

5.7 No cooling-off rights

Cooling-off rights do not apply to a subscription for New Shares under the Entitlement Offer. This means that you cannot vary or withdraw your Application once it has been accepted except as required by law.

5.8 Foreign jurisdictions – restrictions and limitations

This Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares offered under the Entitlement Offer are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This information is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares issued under the Entitlement Offer, or otherwise permit the public offering of the New Shares under the Entitlement Offer, in any jurisdiction other than Australia and New Zealand.

The distribution of this Booklet and/or the Entitlement and Acceptance Form outside Australia and New Zealand may be restricted by law. If you come into possession of this Booklet and/or the Entitlement and Acceptance Form you should observe any such restrictions and should seek your own advice on those restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

5.9 Underwriting arrangements

The Entitlement Offer is fully underwritten by the Underwriter. The Underwriting Agreement is subject to customary termination events, such as:

- on two consecutive days from and including 20 November 2012 until the Closing Date, the ASX All Ordinaries or ASX Small Ordinaries indices close 10% or more below their respective levels on 20 November 2012;
- certain regulatory acts are taken or approvals refused;
- certain specified sub-underwriters appointed by the Underwriter default on their contractual obligations;
- there is a material adverse change in the management, financial position, results of operations or prospects of Lifestyle Communities; and
- certain other events relating to the Entitlement Offer or Lifestyle Communities.

If the Underwriting Agreement is terminated, the Entitlement Offer may not proceed in its entirety or at all.

The Underwriter reserves the right, at any time, to appoint sub-underwriters in respect of any part of the Entitlement Offer.

The Underwriter is entitled to be paid fees and expenses under the Underwriting Agreement, and receive certain indemnities. Any sub-underwriters appointed by the Underwriter may be paid a fee determined by negotiation with the relevant sub-underwriter. Any sub-underwriter's fees in respect of the Entitlement Offer would be paid by the Underwriter.

5.10 Indemnities

Subject to certain exceptions, Lifestyle Communities has agreed to indemnify the Underwriter and its officers, employees and advisers from and against all losses arising directly or indirectly from or relating to the Entitlement Offer.

5.11 Consents

None of the parties referred to in the Directory of this Booklet (other than Lifestyle Communities), has made or authorised the making of any statement that is included in this Booklet or any statement on which a statement in this Booklet is based.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Booklet other than references to its name or a statement or report included in this Booklet with the consent of that party as specified above.

6.14 Privacy

As a Shareholder, Lifestyle Communities and the Registry have already collected certain personal information from you. If you apply for New Shares, Lifestyle Communities and the Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Lifestyle Communities and the Registry may disclose your personal information for purposes related to your Shareholding to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Shareholder information and for handling of mail, or as otherwise authorised under the Privacy Act 1988 (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Lifestyle Communities or the Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this, please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to Lifestyle Communities through the Registry as follows:

Computershare Investor Services Pty Limited
GPO Box 505 Melbourne VIC 3001
or by telephone: 1300 850 505 (within Australia)
or : +61 3 9415 4000 (from outside Australia)

5.12 Governing law

This Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in Victoria, Australia. Each Eligible Shareholder who applies for New Shares submits to the jurisdiction of the courts of Victoria, Australia.

Section 6 Glossary

Term	Definition
\$ or A\$ or dollars	Australian dollars
ABN	Australian Business Number
AEDT	Australian Eastern Daylight Time
Application	An application to subscribe for New Shares under the Entitlement Offer
Application Monies	Monies received from applicants in respect of their Applications
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by that entity known as the Australian Securities Exchange
ASX Announcement	The announcement released to ASX on 20 November 2012 in connection with the Entitlement Offer and annexed to this Booklet as Annexure II
ASX Listing Rules	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX
Booklet	This Entitlement Offer Booklet dated 30 November 2012, which includes the Investor Presentation and the ASX Announcement
Closing Date	The last date for Eligible Shareholders to lodge an Application (as specified in the "Key Dates" Section of this Booklet)
Corporations Act	Corporations Act 2001 (Cth)
Eligible Shareholder	A Shareholder on the Record Date who: ■ has a registered address in Australia or New Zealand, ■ is not in the United States and is not a U.S. Person and is not acting for the account or benefit of a U.S. Person, and ■ is eligible under all applicable securities laws to receive an offer under the Entitlement Offer
Entitlement	The entitlement to 1 New Share for every 1 existing Lifestyle Communities share held on the Record Date by Eligible Shareholders
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Booklet upon which an Application can be made
Entitlement Offer	The offer of approximately 478.4 million New Shares to Eligible Shareholders in the proportion of 1 New Share for every 1 existing Lifestyle Communities share held on the Record Date at the Offer Price
Entitlement Offer Booklet	This booklet dated 30 November 2012, which includes the Investor Presentation and the ASX Announcement
Entitlement Offer Period	The period commencing on the opening date for the Entitlement Offer as specified in the "Key Dates" section of this Booklet and ending on the Closing Date
Investor Presentation	The investor presentation in connection with the Entitlement Offer dated 20 November 2012 and annexed to this Booklet as Annexure I
Lifestyle Communities	Lifestyle Communities Limited ABN 11 078 675 153
New Shares	The Shares offered under the Entitlement Offer
Offer Price	\$0.07 (7 cents) per New Share issued under the Entitlement Offer
Record Date	The time and date for determining which Shareholders have an Entitlement under the Entitlement Offer, being 7:00pm on Wednesday 28 November 2012
Registry	Computershare Investor Services Pty Ltd (ABN 48 078 279 277)

Term	Definition
Shareholder	The registered holder of an issued Lifestyle Communities fully paid ordinary share
Underwriter	Canaccord Genuity (Australia) Limited ACN 075 071 466
Underwriting Agreement	The underwriting agreement dated 20 November 2012 between Lifestyle Communities and the Underwriter
U.S. Persons	The meaning given in Rule 902(k) of Regulation S under the Securities Act 1933



ASX Code: LIC

Investor Presentation

Transformational Capital Raising: Placement and 1:1 Non-renounceable Rights Issue

DATE 20 November 2012

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LIFESTYLE WARRAGUL CLUBHOUSE AT DUSK



Lifestyle Communities Limited

Downsize to a Bigger Life

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- 2. The Offer**
- 3. Impact on Lifestyle Communities**

Annexures

- A. Trading Update**
- B. Supplementary Cash Flow Analysis**
- C. Market Size**
- D. Risk Factors**
- E. Key Management Personnel**

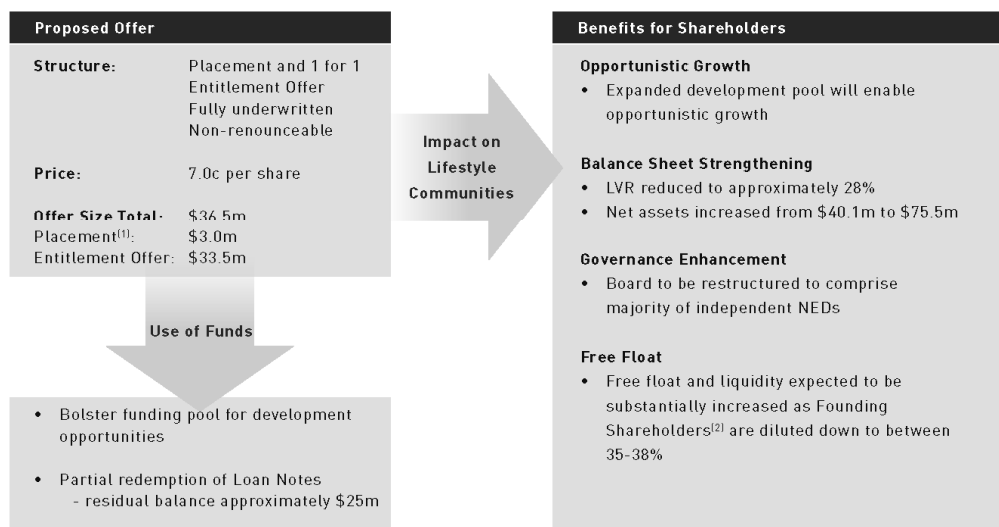
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Lifestyle Communities is undertaking a transformational equity raising that will change the investment proposition



Notes: (1) The Placement is conditional upon the successful completion of the Entitlement Offer, funds from both the Placement and the Entitlement Offer will be received at or about the same time
(2) The Founding Shareholders of Lifestyle Communities are James Kelly, Bruce Carter and Dael Perlov



Section 1

THE LIFESTYLE COMMUNITIES BUSINESS

1.1 LIFESTYLE COMMUNITIES



Lifestyle Communities is one of Australia's leading developers of affordable residential housing communities

Total Lots in Communities	
Mature communities	
Brookfield (Melton)	228
Tarneit	136
Currently in development	
Warragul	182
Cranbourne ⁽¹⁾	217
Shepparton	221
Chelsea Heights ⁽¹⁾	105
Shortly to commence construction	
Hastings ⁽²⁾	141
TOTAL LOTS⁽³⁾	1,230

Current as at 14 November 2012



Notes: (1) Represents 100% of the development of which Lifestyle Communities will have an economic interest in 50%
 (2) Hastings will be 100% owned by Lifestyle Communities
 (3) Lifestyle Communities will have an economic interest in 1,069 lots

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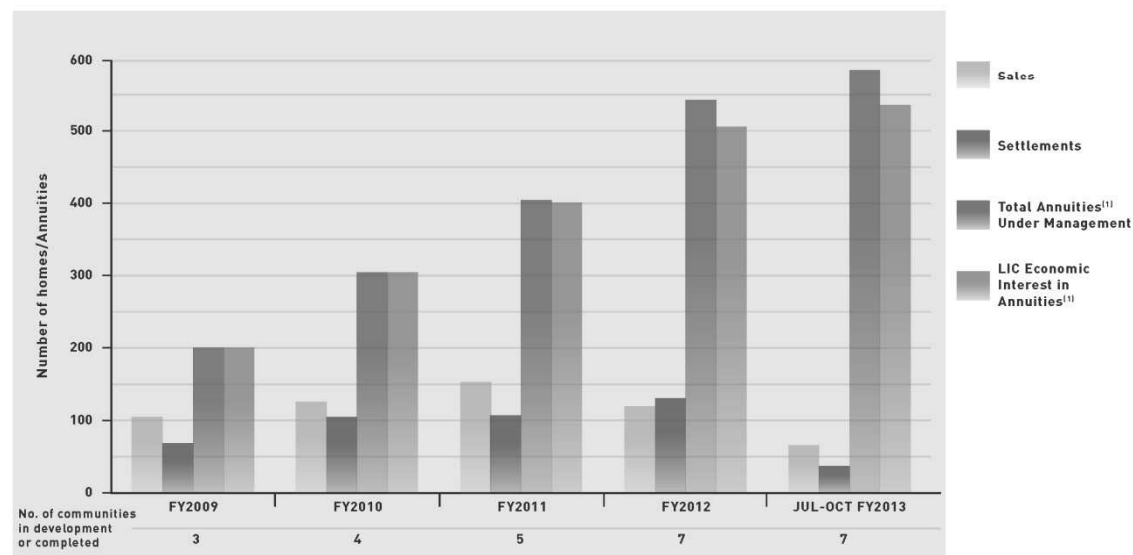
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1.2 CONTINUED PERFORMANCE



Lifestyle Communities has demonstrated a consistent history of sales and settlements



Note: (1) Annuities represent settled homes

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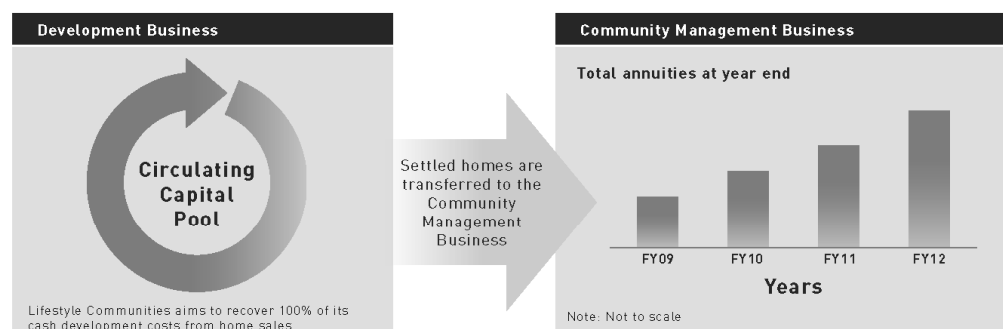
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1.3 BUSINESS MODEL



Lifestyle Communities has a sustainable business model that produces long term CPI indexed annuity streams



As at 14 November 2012

Lots in development pipeline	648
LIC's economic interest after allowing for JV's	536
LIC's capital committed in pool ⁽¹⁾	\$49m

Total annuities	582
LIC's economic interest after allowing for JV's	533

The growing level of free cash flow from the annuities provides the basis over time for dividends and/or expansion of the development pool

Note: (1) As at 30 September 2012

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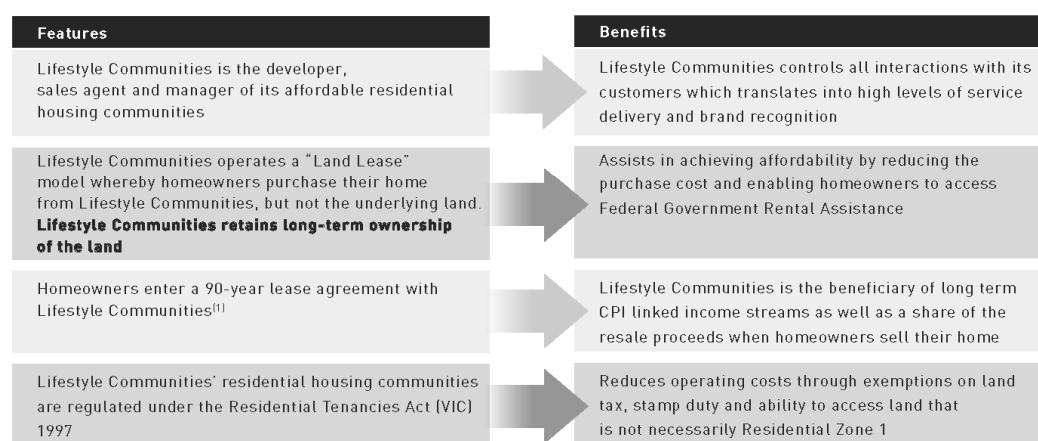
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1.3 BUSINESS MODEL (CONT.)



The land lease business model differentiates Lifestyle Communities from traditional property and retirement developers



Notes: (1) 45-year lease plus 45-year option at homeowner's discretion

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1.4 ANNUITY STREAMS



Each homeowner executes a 90-year site agreement with Lifestyle Communities that defines the terms of the ongoing annuities⁽¹⁾

There are 2 components to the annuity stream:

1. Site Rental Fee

- The site rental fee forms the majority of the value of each annuity
- Each individual rental stream is secured against the unencumbered value of the dwelling
- Approximately \$160.00 per week per home
- Indexed at the greater of CPI or 3.5% p.a.



Equates to approximately \$8,300 p.a. income for each settled home

2. Deferred Management Fee⁽²⁾

This fee is collected on the re-sale of a home in the community

- The fee is calculated as a scaled percentage of the re-sale price
- The scaling is a function of the number of years the homeowner has lived in the community and is capped at 20% of the re-sale price after 5 years of ownership



Lifestyle Communities estimates its home owners will have an average ownership period of 10-12 years

- In an established community, approximately 8-10% of homes are estimated to re-sell in any given year

The cost of the community management services (eg. on-site Community Manager and grounds maintenance) is met from these fees

Notes: (1) 45-year lease plus 45-year option at homeowner's discretion

(2) The Deferred Management Fee is a function of home ownership time frame: 1 year 4% / 2 years 8% / 3 years 12% / 4 years 16% / 5+ years 20%
Deferred Management Fee contracts written prior to 2009 had a flat DMF rate of 15% after 12 months of home ownership

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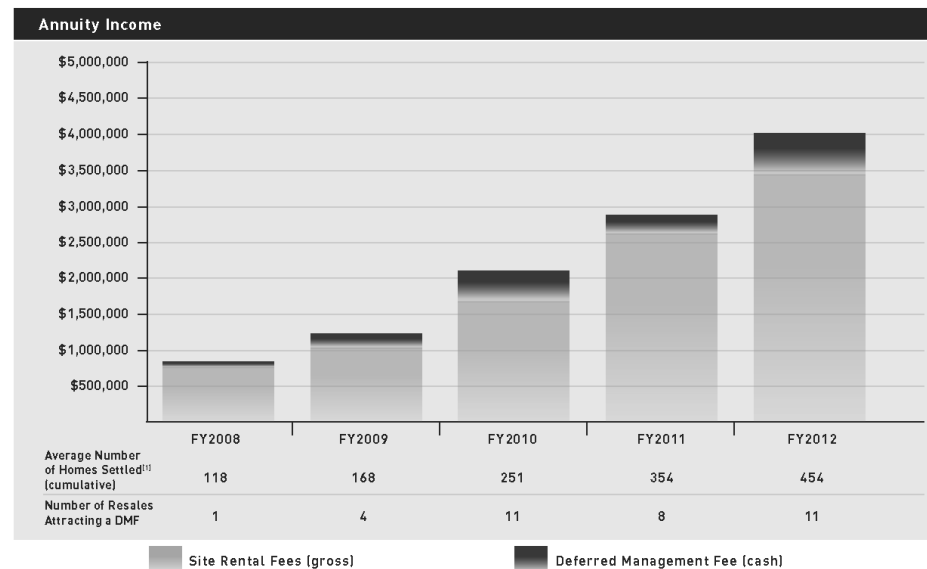
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1.4 ANNUITY STREAMS (CONT.)



The level of annuity income increases as each home is settled



Note: (1) Represents Lifestyle Communities' economic interest in the homes settled

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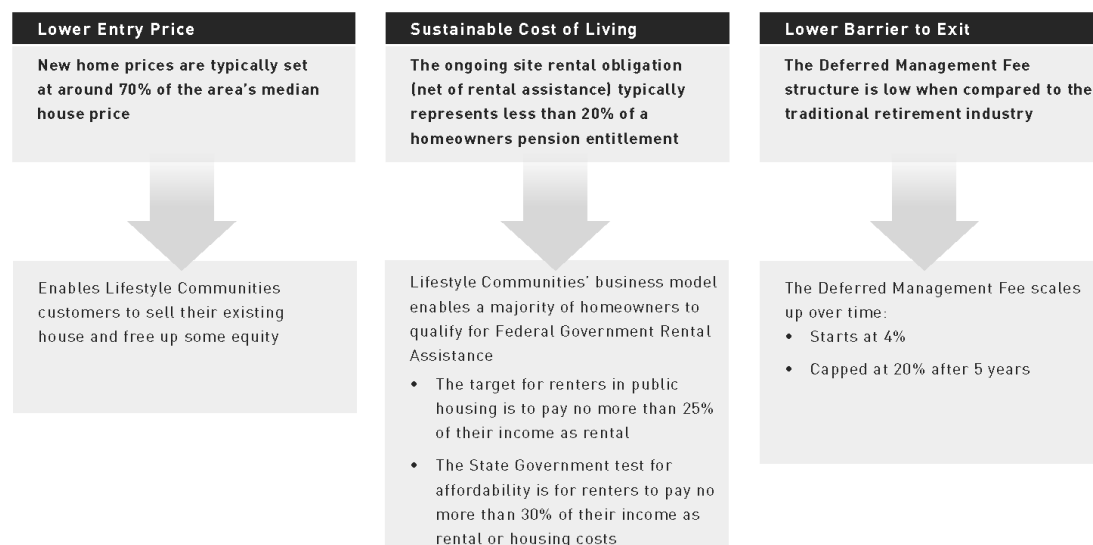
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1.5 AN AFFORDABLE SOLUTION



The Lifestyle Communities model creates a sustainable financial solution for homeowners



Source: Australian Government Centrelink Website, May 2012
Victorian Government Department of Human Services Rental Report, June 2012

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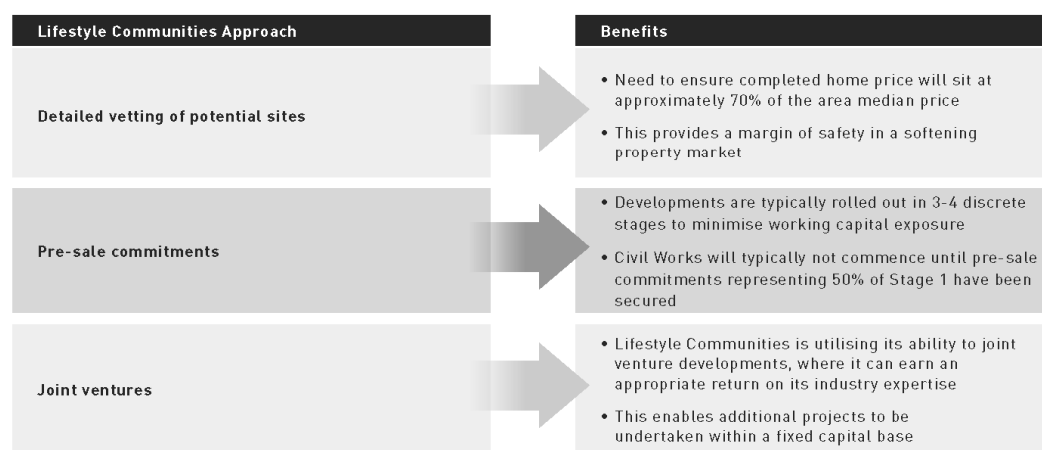
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1.6 MANAGING THE DEVELOPMENT PROCESS



During the 4-6 year development cycle of a typical community, Lifestyle Communities aims to recover cash development costs (including land) from home sales



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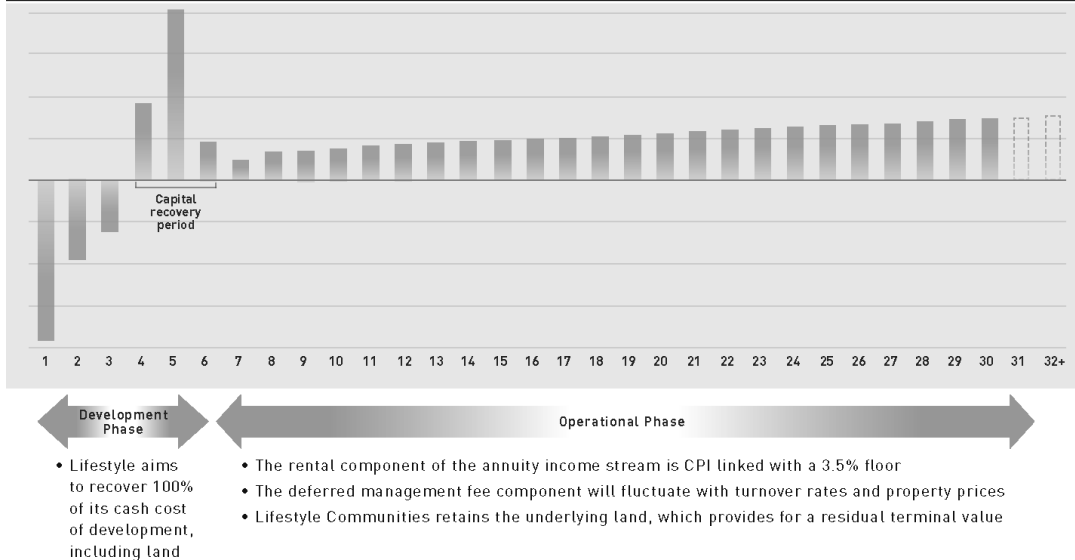
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1.7 TYPICAL DEVELOPMENT PROFILE



The committed development capital is recovered as home sales are settled. This capital can then be re-cycled into a new development

Example Unlevered Greenfield Development Cash Flow Profile



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1.8 KEY COMMERCIAL RISKS



A fall in general consumer confidence has the potential to slow the sales rate of homes

Risk	How Could The Risk Manifest?	How Does Lifestyle Communities Mitigate This Risk?
Slowdown in Sales	• Subsequent slowdown in settlements with a 6-8 month lag • Cash flow is constrained • A slowing in the DMF ramp-up profile	• Lifestyle Communities will maintain a minimum liquidity buffer⁽¹⁾ to cushion against a sustained slowdown in settlement cash receipts • The rate of capital expenditure on developments can be scaled up or down to compensate for changes in sales rates • Investors have some diversification protection through multiple site exposures across Victoria
Poor Site Selection	• Slower rates of home sales • Higher civil costs • Lifestyle Communities may not recover 100% of the development cost	• Extensive pre-purchase due diligence and market analysis • Potential to reduce overall size of the development if required
Decrease in Property Prices	• Reduces the price received by new homeowners on the sale of their existing house • May lead to longer settlement periods as new homeowners take longer to sell their existing house in a falling real estate market • Falling property prices could impact the value of Lifestyle Communities' homes resulting in lower DMFs	• New home prices are set at approximately 70% of the median house price in the catchment areas to provide a buffer • Lifestyle Communities can assist with selection of selling agent • Lifestyle Communities may offer a smaller/cheaper home as an alternative to enable the resident to maintain their cash buffer • Investors have some diversification protection through multiple site exposures across Victoria

Note: (1) The minimum liquidity buffer will be for the equivalent of 6 months fixed costs which for FY2013 will be approximately \$4-\$5m

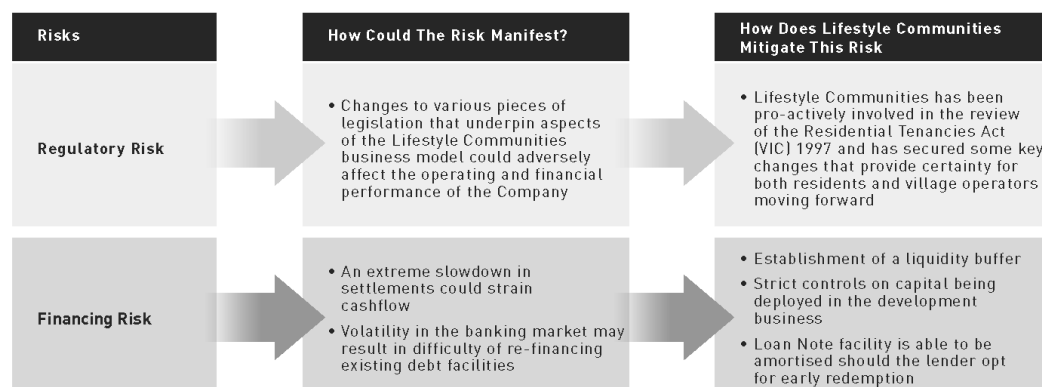
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Lifestyle Communities pro-actively seeks to reduce its exposure to regulatory changes



Refer to Annexure D for details of other risk factors



Section 2

THE OFFER

2.1 OFFER OVERVIEW



Summary of Proposed Offer		Sources	\$million
Offer Structure:	Placement and 1:1 Entitlement Offer for Eligible Shareholders	521m shares at 7.0c	36.5
Issue Price:	7.0c per share	Uses	
Offer Size:	Total: \$36.5m Placement ⁽¹⁾ : \$3.0m Entitlement Offer: \$33.5m	Loan Note Reduction	16.8
Underwriting⁽²⁾:	Offer has been fully underwritten to \$33.5m by Canaccord Genuity (Australia) Limited.	Development Capital - Hastings - New site purchases	18.6
Founder Participation:	The Founding Shareholders have advised in aggregate that they will participate to 12% of the rights entitlement of the Founding Shareholders and may acquire additional shares through sub-underwriting commitments. As a consequence the Founding Shareholders will see their aggregated shareholding in Lifestyle Communities reduce from 65% to between 35-38%.	Cash Costs of Issue	1.1

Note: (1) The Placement is conditional upon the successful completion of the Entitlement Offer; funds from both the Placement and the Entitlement Offer will be received simultaneously.

(2) Lifestyle Communities has agreed to issue a total of 25,000,000 five year call options over fully paid ordinary shares of Lifestyle Communities exercisable at 8c each to GMH Services Pty Ltd and Bellwether Investments Pty Ltd in consideration for these entities agreeing to act as foundation investors and sub-underwriters to the issue.

Bellwether Investments Pty Ltd is controlled by James Craig, who is a related party of Lifestyle Communities for the purposes of the Corporations Act, by virtue of being a proposed director of Lifestyle Communities.

As a consequence of James Craig being a related party of Lifestyle Communities, the issue of the 12,500,000 options to Bellwether Investments Pty Ltd will require shareholder approval at a general meeting of Lifestyle Communities. The company intends to call a general meeting to approve the issue of these options as soon as practicable. In the event that the issue of options is not approved, Lifestyle Communities will be required to pay a cash sum of \$155,500 to Bellwether Investments Pty Ltd in lieu.

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2.2 TIMETABLE



Event	Date
Offer Announced	Tuesday 20 November 2012
Record Date for Offer Eligibility	Wednesday 28 November 2012
Despatch of Entitlement Offer Booklet	Friday 30 November 2012
Entitlement Offer Opens	Friday 30 November 2012
Entitlement Offer Closes	Friday 14 December 2012
Shortfall Notification Date	Wednesday 19 December 2012
Settlement Date	Friday 21 December 2012
Allotment Date	Monday 24 December 2012
Despatch of Holding Statements	Thursday 27 December 2012
New Shares Commence Trading	Thursday 27 December 2012

Shareholders on the register as at 7pm AEDT on 28 November 2012 will be eligible to participate in the entitlement issue.

Note: All dates are subject to change

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Section 3

IMPACT ON LIFESTYLE COMMUNITIES

3.1 IMPACT ON LIFESTYLE COMMUNITIES



The equity raising will change the investment profile of Lifestyle Communities



Note: The Community Management Business derives annuities from site rentals and Deferred Management Fees (DMF)

3.2 OPPORTUNISTIC GROWTH



The additional equity funding in the development business will enable a sustainable growth profile

- The current downturn in residential construction and land development is expected to give rise to attractive opportunities for Lifestyle Communities including both greenfield land sites and joint venture opportunities
- All opportunities will be subject to rigorous evaluation criteria to ensure:
 - Capital can be recovered in a timely manner
 - Project economics meet Lifestyle Communities hurdles on an unlevered basis
- Further use of joint venture and other risk sharing structures may be reviewed:
 - This will enable Lifestyle Communities to further accelerate the development profile within its capital constraints, and
 - Enable Lifestyle Communities to earn an appropriate premium for its brand name and industry expertise



3.3 BALANCE SHEET STRENGTHENING



The group balance sheet will be significantly de-risked

Loan Note Redemption

- Up to \$16.8m of the proceeds will be used to partially redeem the Loan Notes
- \$25.0m will remain outstanding
- No redemption penalties apply
- Free cash flow will increase as a result of a reduction in interest cost

Pro-Forma Balance Sheet Post the Issue	30.06.2012 (\$'000)	Adjustments (\$'000)	Pro-forma (\$'000)
Cash and equivalents	3,185	18,519	21,703
Total Assets	105,408	18,519	123,926
Interest Bearing Liabilities	51,219	(16,849)	34,370
LVR%	49%		28%
Total Liabilities	65,212	(16,849)	48,423
Equity	40,135	35,368	75,503
NTA (including Deferred Tax Liability) ⁽³⁾	8.7c ⁽¹⁾		7.6c ⁽²⁾
NTA (excluding Deferred Tax Liability) ⁽³⁾	10.8c ⁽¹⁾		8.5c ⁽²⁾

Notes: Assuming \$36.5m raising with net fees of \$1.1m which includes legal fees, advisory fees, underwriter and broker fees

(1) Calculation based on pre-October 2012 DRP shares on issue of 462,173,090

(2) Calculation based on expected capital base post-October 2012 DRP, Placement and Rights Issue of 999,703,409

(3) Deferred Tax Liabilities in relation to investment properties will only be realised upon the disposal of the community assets

3.4 DIVIDEND POLICY



Lifestyle Communities intends to pay dividends out of operating cash flow from the Community Management Business

As a general principle, the Directors of Lifestyle Communities intend to pay dividends out of post tax, operating cash flow generated from the Community Management Business.

As more settlements are concluded across the portfolio, this level of free cash flow is expected to increase and is anticipated to provide the basis, over time, for dividends and or the commitment of additional capital into the development side of the business.

Considerations in determining the level of free cash flow from which to pay dividends will include:

- Operating cash flow generated from the Community Management Business
- The projected tax liability of Lifestyle Communities Limited
- The level of corporate overheads attributable to the development business
- The level of interest to be funded from free cash flow
- Additional capital needs of the development pool



3.5 GOVERNANCE EVOLUTION



Lifestyle Communities is moving to a governance regime with a majority of independent, non-executive directors

Existing		Post Issue	
David Paranthoiene	Chairman	Transition to NED	David Paranthoiene
Tim Poole	Independent NED	Transition to Chairman	Tim Poole
James Kelly	Managing Director	No change	James Kelly
Bruce Carter	Executive Director	Alternate Executive Directors	Bruce Carter/Dael Perlov
Dael Perlov	Executive Director	New Independent NED	Jim Craig

Note: Board changes are anticipated to occur after the completion of the Entitlement Offer



- A. Trading Update**
- B. Supplementary Cash Flow Analysis**
- C. Market Size**
- D. Risk Factors**
- E. Key Management Personnel**

A.1 TRADING UPDATE



The start of FY2013 has seen continued improvement in sales commitments

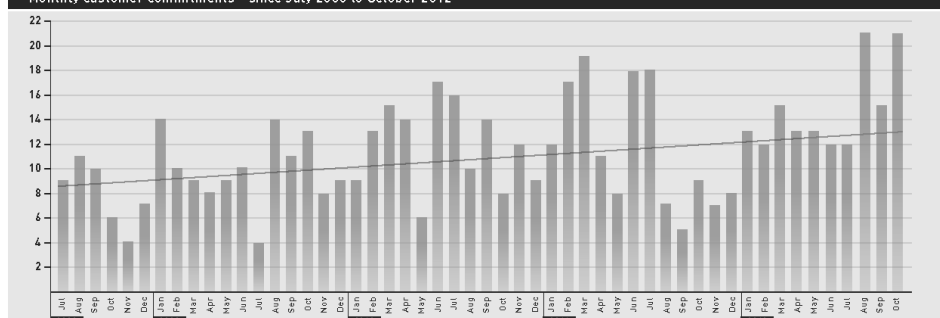
Sales Commitments

- August and October 2012 were record months for sales commitments
- Demand at Chelsea Heights, Cranbourne and Hastings has been strong
- Sales at Shepparton as expected; recovery in sales rates at Warragul
- Focussed attention at Tarneit to close out the final 7 settlements
- The current committed sales bank as of 14 November is 162 (representing over \$38m of committed revenue); this compares to a sales bank of 112 as at 31 December 2011

Settlements

- Settlements to 31 October have exceeded budget
- Lifestyle Communities has a pipeline of 26 locked in settlements for November-December⁽¹⁾
- Historically, sales commitments have been a good predictor of future settlements

Monthly customer commitments - since July 2008 to October 2012



Note: (1) A locked in settlement is defined as when a homeowner has sold their existing house and is awaiting that settlement to settle their Lifestyle home purchase

A.2 PORTFOLIO STATUS



Current Status

Communities	Total sites in communities	Sites sold & occupied	Sites sold & awaiting settlement	Sites sold, occupied & being developed	
				#	%
Existing Communities – Mature					
Melton	228	227	1	228	100%
Tarneit	136	129	5	134	99%
Existing Communities – In Development					
Warragul	182	117	25	142	78%
Cranbourne ⁽¹⁾	217	97	43	140	65%
Shepparton	221	12	25	37	17%
Chelsea Heights ⁽¹⁾	105	-	41 ⁽²⁾	41	39%
Total Existing Communities	1,089	582	140	722	66%
Shortly to Commence Construction					
Hastings	141	N/A	22 ⁽³⁾	22	16%
Total Sites	1,230	582	162	744	60%

Current as at 14 November 2012

Notes: (1) Represents 100% of the development of which Lifestyle Communities will share 50%

(2) First settlements expected mid FY2013

(3) First settlements expected start FY2014

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B.1 SUPPLEMENTARY CASH FLOW ANALYSIS



Supplementary Cash Flow Analysis for FY2012	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Total
Total Number of Homes	228	136	182	217	221	105	141	1,230
Settled FY2012	9	28	20	72	5	-	-	134*
Remaining homes to be settled as at 30 June 2012	2	10	73	137	216	105	141	684
Capital Cash Flows (\$million)								
Land	-	-	-	-	-	(3.18)	(7.01)	(10.19)
Development Expenditure (development and sales)	(0.24)	(0.32)	(1.41)	(4.71)	(5.85)	(0.61)	(0.06)	(13.20)
Home Construction	(0.12)	(1.22)	(3.54)	(5.11)	(2.12)	(0.02)	-	(12.13)
Home Settlements (incl. JV Development Fees)	1.87	6.60	4.60	8.82	0.93	-	-	22.83
Net Development Cash Flows	1.51	5.05	(0.35)	(0.99)	(7.04)	(3.81)	(7.07)	(12.69)
Annuity Cash Flows (\$million)								
Site Rentals (incl. JV Management Fees)	1.66	0.92	0.81	0.21	-	-	-	3.64
Deferred Management Fees Received	0.29	0.03	0.15	-	-	-	-	0.47
Community Operating Costs	(0.53)	(0.49)	(0.30)	(0.24)	-	-	-	(1.60)
Net Annuity Cash Flows	1.43	0.46	0.67	(0.02)	-	-	-	2.53
Total Capital and Annuity Cash Flows	2.94	5.51	0.32	(1.01)	(7.04)	(3.81)	(7.07)	(10.16)
Head Office Costs								(2.95)
Net Operating Cash Flows								(13.12)
<i>Reconciliation to statutory cash flows</i>								
Less – Interest								(4.95)
Add – Land (investing cash flow)								10.19
Add – Movement in inventory and creditors								0.75
Statutory Cash Flows from Operations (\$million)								(7.12)

Note: LIC's economic interest is 98 units after allowing for Joint Venture interests

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B.2 SUPPLEMENTARY CASH FLOW ANALYSIS



Supplementary Cash Flow Analysis for FY2011	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Total
Total Number of Homes	228	136	182	217	221	984
Settled FY2011	22	40	37	8	-	107*
Remaining homes to be settled as at 30 June 2011	11	38	93	209	221	572
Capital Cash Flows (\$million)						
Land	-	-	-	(3.87)	-	(3.87)
Development Expenditure (development and sales)	(0.60)	(0.69)	(1.67)	(1.93)	-	(4.89)
Home Construction	(1.78)	(6.04)	(4.57)	(1.38)	-	(13.77)
Home Settlements	4.43	8.86	8.43	0.92	-	22.65
Net Development Cash Flows	2.06	2.13	2.19	(6.26)	-	0.12
Annuity Cash Flows (\$million)						
Site Rentals	1.51	0.59	0.51	-	-	2.62
Deferred Management Fees Received	0.28	-	-	-	-	0.28
Community Operating Costs	(0.45)	(0.32)	(0.27)	-	-	(1.04)
Net Annuity Cash Flows	1.35	0.27	0.24	-	-	1.86
Head Office Costs						(2.79)
Net Operating Cash Flows						(0.81)
<i>Reconciliation to statutory cash flows</i>						
Less - Interest						(0.85)
Add - Land (investing cash flow)						3.87
Less - Movement in inventory and creditors						(1.05)
Statutory Cash Flows from Operations (\$million)						1.16

Note: LIC's economic interest is 103 units after allowing for Joint Venture interests

B.3 SUPPLEMENTARY CASH FLOW ANALYSIS

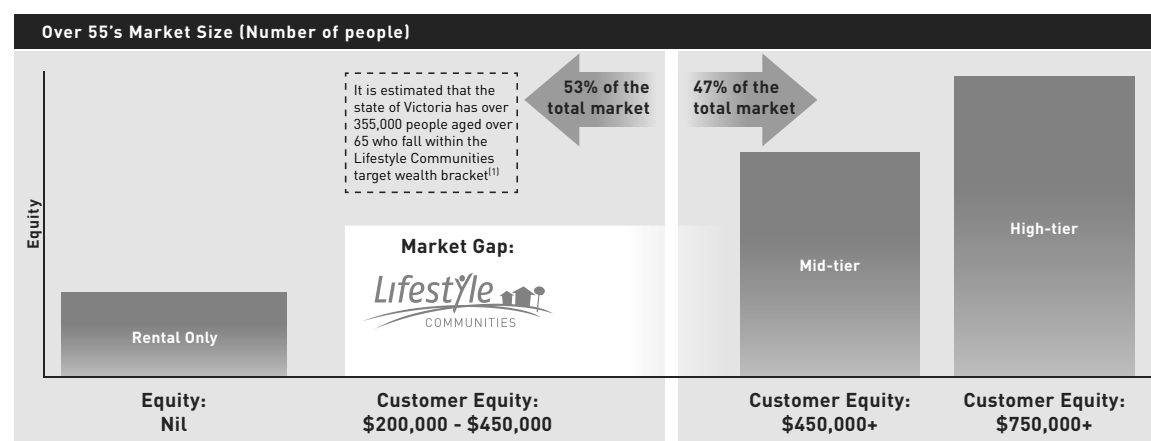


Supplementary Cash Flow Analysis for FY2010	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Total
Total Number of Homes	228	136	182	217	763
Settled FY2010	28	38	37	-	103
Remaining homes to be settled as at 30 June 2010	33	78	130	217	458
Capital Cash Flows (\$million)					
Land	-	-	-	-	-
Development Expenditure (development and sales)	(0.44)	(1.61)	(2.32)	-	(4.37)
Home Construction	(2.28)	(4.44)	(4.90)	-	(11.62)
Home Settlements	5.14	7.69	7.72	-	20.54
Net Development Cash Flows	2.42	1.64	0.49	-	4.55
Annuity Cash Flows (\$million)					
Site Rentals	1.22	0.26	0.20	-	1.69
Deferred Management Fees Received	0.33	-	-	-	0.33
Community Operating Costs	(0.36)	(0.19)	(0.20)	-	(0.74)
Net Annuity Cash Flows	1.20	0.08	0.00	-	1.28
Head Office Costs					(2.50)
Net Operating Cash Flows					3.33
<i>Reconciliation to statutory cash flows</i>					
Less - Interest					(0.87)
Less - Movement in inventory and creditors					(0.18)
Statutory Cash Flows from Operations (\$million)					2.28

C.1 TARGET MARKET SEGMENTATION



Lifestyle Communities' affordable housing product directly targets the largest segment of the over 55's market which has been largely under serviced by the traditional retirement housing industry



C.2 KEY MARKET DRIVERS



Demographic changes are driving a rapid increase in the size of the potential market for affordable housing; between 2001-2011 Victoria's over 55 population grew by 30%, compared to a total population increase of 15%⁽¹⁾

The big housing market themes are:

Affordability

- The median net worth of a single person over the age of 65 is approximately \$318,000⁽²⁾
- 77% of the population over 65 receive income support, including the Age Pension⁽³⁾
- Over 50% of pensioners have assessable assets (excluding the family home) of less than \$30,000⁽³⁾
- Over 61% of Age Pensioners are homeowners, this increases to 83% for the Age Pensioner Couples⁽³⁾

The ageing population

- The number of people aged over 65 is projected to double between 2005 and 2026, and then double again by 2057⁽⁴⁾
- Within a generation, 30% of Australians are going to be aged over 55 and almost 20% will be over 65⁽⁴⁾

Ageing In Place

- Due to cost pressures, shortages of beds, and government policies, "Ageing In Place" is a theme that will become more prevalent over the coming years
- This is anticipated to result in additional government initiatives to assist people to stay in their primary residence for longer

The Lifestyle Communities market offering directly addresses these key market themes

Sources: (1) ABS 2010/2011

(2) Hilda Survey Annual Report 2008.

(3) Pension Review Background Paper, Department FAHCSIA

(4) ABS Population Projections 2008, Hilda Survey Annual Report 2008

D.1 RISK FACTORS



There are a number of factors which may have an impact on the future performance of Lifestyle Communities Limited.

This section, along with sections 1.8 and 1.9, details some of the major risks of which eligible shareholders should be aware of, but eligible shareholders should note that the risks in this section are not exhaustive of the risks faced by a potential investor in Lifestyle Communities Limited. If any of these risks materialise, Lifestyle Communities Limited's business, financial condition and results may suffer, in that case, the trading price of shares may be impacted along with the level of dividends.

Eligible shareholders should consider carefully the risks described in this section and sections 1.8 and 1.9, as well as other information within this pack, and consult your financial or other professional advisor before making an investment decision.

Eligible shareholders should be aware that an investment in Lifestyle Communities Limited has risks which are associated with investing in listed securities. The future level of dividends, the value of assets and the market value of shares quoted on the ASX may be influenced by any or all of these risk factors. Eligible shareholders should note that many of the circumstances giving rise to these risks are beyond control of Lifestyle Communities Limited.

The past performance of Lifestyle Communities Limited is not necessarily a reliable indicator of the future performance of Lifestyle Communities Limited and dividends are not guaranteed.

1. General market risk of listed investments

Investors should be aware that the market price of shares and any future dividends will be influenced by a number of factors that are common to most listed investments. At any point in time, these may include:

- the Australian and international economic outlook and recent volatility in world markets and the impact on Australia and its financial systems;
- movements in the general level of prices on international and local stock markets;
- changes in economic conditions including inflation and interest rates;
- changes in legislation and in government fiscal, monetary and regulatory policies; and
- the demand for listed securities.

2. General business risks

Shareholders will be exposed to risks associated with Lifestyle Communities Limited's business activities. The price at which shares will trade on the ASX will be affected by the stock market participants' view of these risks. These risks include:

2.1 Business strategy risk

The failure of Lifestyle Communities Limited to deliver on or to effectively execute its targeted strategy or its failure to redefine its strategy to meet changing market conditions could result in a decline in operating performance, reported profits and share price.

D.1 RISK FACTORS (CONT.)



2.2 Property development risks

In the natural course of its business, Lifestyle Communities Limited participates in land and property development projects. Generally speaking, these projects have a number of risks including (but not limited to):

- the risk that planning constraints and regulatory approvals are not obtained, or if obtained are received later than expected or are not properly adhered to;
- development costs (including civil works) escalating beyond those originally anticipated;
- project delays beyond the control of Lifestyle Communities Limited;
- expected sales prices or timing of expected sales or settlements are not achieved;
- problems with sub-contractors; and
- competition from a competing development that affects the overall returns from a project being undertaken by Lifestyle Communities Limited.

Other factors effecting property values include capitalisation and discount rates, the economic growth outlook, land resumptions and releases and major infrastructure projects.

2.3 Industry competition

Increased competition in the market segment targeted by Lifestyle Communities Limited could affect the expected returns from new and existing projects. Competitors may seek to offer a product to potential customers with either lower site rentals and or lower DMF structures than Lifestyle is currently selling.

2.4 Homeowner turnover

The DMF model requires the purchase of homes by new homeowners to crystallise the entitlement of Lifestyle Communities Limited to DMF receipts. If homeowner turnover reduces, this will delay the collection of cash by Lifestyle Communities Limited and may adversely impact operating cash flow and the value of Lifestyle Communities Limited's assets.

2.5 Availability of debt and equity

In the current global economic environment, debt and equity is being rationed and may not be available as and when required. In addition, the price of debt or equity finance may rise further from current levels, which has the potential to adversely impact Lifestyle's business.

2.6 Inflation rates

Higher than expected inflation rates could be expected to increase development costs and community operating costs. These cost increases may not be able to be offset by increased selling prices.

2.7 Environmental risk

The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of the Lifestyle Communities Limited projects could have an adverse effect on the profitability and timing of receipt of revenue from that project. The Lifestyle Communities Limited practice is to undertake environmental due diligence on any property before acquisition.

2.8 Climate change and climatic conditions

Lifestyle Communities Limited could be adversely impacted by a loss of market share if building designs are not addressing community expectations or matching competitor products on sustainability issues. Prolonged adverse weather conditions may result in delays in construction or marketing thereby deferring recognition of revenue and profit and receipt of settlement proceeds.

D.1 RISK FACTORS (CONT.)



2.9 Taxation

Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may impact Lifestyle Communities Limited's future tax liabilities, which in turn could impact the value or trading price of Lifestyle shares. Further, changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities, may impact:

- the taxation treatment of an investment in shares; or
- the holding costs or disposal of those shares.

2.10 Human resources

Whilst Lifestyle Communities Limited makes every effort to retain key management personnel, there can be no guarantee that it will be able to do so. Any loss of key management personnel could adversely affect Lifestyle Communities Limited's business, which in turn could effect its results of operations or financial condition or performance.

2.11 Accounting standards

Accounting standards may change from time to time. This may affect the reported earnings of Lifestyle Communities Limited and financial position from time to time. Further, under current accounting standards, Lifestyle is required to book as revenue a revaluation amount for each settled house. If the valuation metrics used by the independent property valuers were to change (e.g. changes to capitalisation rates, assumptions regarding future rates of property price growth, and anticipated homeowner turnover rates) Lifestyle Communities Limited's reported earnings may be adversely effected.

2.12 Asset impairment risk

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. Changes to the carrying amounts of assets could have an adverse impact on the reported financial performance of Lifestyle Communities Limited.

2.13 Rental Assistance

The Social Security Act enables a high proportion of homeowners at Lifestyle Communities being able to receive rental assistance. Should this legislation change it could result in reduced demand for a Lifestyle Communities home due to a reduction in affordability.

2.14 Dividends

Lifestyle Communities Limited's future dividend and franking levels will be determined by the Directors having regard to the operating results and financial position of Lifestyle Communities Limited. There is no guarantee that Lifestyle Communities Limited will continue to pay dividends.

2.15 Unforeseen litigation

Lifestyle Communities Limited may become involved in unforeseen litigation.

E: KEY MANAGEMENT PERSONNEL



Management Team

James Kelly Managing Director

James was appointed Managing Director in 2007. With over 30 years experience in property development and construction, James brings to Lifestyle Communities a wealth of knowledge and experience in the property industry.

Prior to establishing Lifestyle Communities Limited, James held several senior management roles in property and related sectors, including CEO of Dennis Family Corporation and at Lend-Lease Corporation.

Bruce Carter Executive Director – Finance

A founding member of Lifestyle Communities Limited, Bruce has more than 23 years experience in financial and business management.

He was the co-founder of Australian Stock Exchange Listed telecommunications company Procom Limited, serving as Joint Managing Director from 1988 to 2002. Bruce brings to Lifestyle Communities Limited extensive knowledge and experience of building and operating complex Australian Stock Exchange listed companies.

Dael Perlov Executive Director – Operations

A founding member of Lifestyle Communities Limited, Dael was appointed as Executive Director Operations in 2007. Prior to establishing Lifestyle Communities Limited, Dael was Chief Executive Officer of Kusp Limited, an Australian Stock Exchange listed company.

With more than 23 years sales and marketing experience, Dael brings experience and knowledge in operational management, sales and marketing to complement the team at Lifestyle Communities Limited.

Geoff Hollis Chief Financial Officer/ Company Secretary

Geoff joined Lifestyle Communities in February 2010 and prior to his appointment he spent 10 years with PricewaterhouseCoopers Melbourne in an assurance and advisory role.

Geoff was admitted as a member of the Institute of Chartered Accountants in June 2004 and is currently partway through the Graduate Diploma of Applied Corporate Governance via Chartered Secretaries Australia.

CONTACT DETAILS



For further information please contact:

Lifestyle Communities Limited

Geoff Hollis
Chief Financial Officer & Company Secretary
Ph: (03) 9682 2249
Email: geoff.hollis@mylifestyle.com.au

Canaccord Genuity

Marcus Freeman
Ph: (03) 8688 9111

Shane Gild
Ph: (03) 8688 9199

Daniel Sharp
Ph: (03) 8688 9116

Peter Talbot
Ph: (02) 9263 2766



Lifestyle Communities Limited
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South Melbourne VIC 3205
Ph: (03) 9682 2249
www.lifestylecommunities.com.au



LIFESTYLE SEASONS CLUBHOUSE



Lifestyle Communities Limited

Downsize to a Bigger Life

41



Lifestyle Communities Limited
Level 2, 35 Market Street
South Melbourne VIC 3205
Ph: (03) 9682 2249

www.lifestylecommunities.com.au

SHEPPARTON - CRANBOURNE - WARRAGUL - CHELSEA HEIGHTS - HASTINGS - TARNEIT - MELTON



Lifestyle Communities Ltd, Level 2, 35 Market Street South Melbourne Vic 3205
Telephone: 03) 9682 2249 Facsimile: 03) 9682 1236
Email: info@lifestylecommunities.com.au www.lifestylecommunities.com.au

20 November 2012

Immediate release to the ASX

**Transformational Capital Raising – Placement and
Underwritten 1:1 Non-renounceable Rights Issue**

Lifestyle Communities Ltd (ASX:LIC) is pleased to announce a transformational equity raising via a 1:1 non-renounceable rights issue ("Entitlement Offer") to raise approximately \$33.5 million and a placement ("Placement") to raise approximately \$3 million (for a total of \$36.5 million). The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited ("Canaccord").

The issue price for shares offered under the Entitlement Offer and Placement will be \$0.07 (7 cents) per share.

The net proceeds from the Entitlement Offer and Placement will be used to increase the equity available for the development of new communities and reduce debt.

Lifestyle Communities shareholders with a registered address in Australia or New Zealand as at the Record Date, will be entitled to purchase one new share for every existing share they hold. The Entitlement Offer is non-renounceable which means that the entitlements to participate in the Entitlement Offer are not transferable and cannot be traded on the ASX or any other exchange or privately transferred.

Founders and major shareholders (James Kelly and Bruce Carter) have advised the board that they will, in aggregate, subscribe for a minimum of approximately 12% of the total entitlements of all founding shareholder shares, including those of Dael Perlov, and may acquire additional shares through sub-underwriting commitments.

Lifestyle Communities builds and manages affordable communities for the over 50's market. The equity raised under the Entitlement Offer and Placement will enable the company to continue to capitalise on this growing sector of the market and the opportunity to provide affordable housing to the baby boomer market.

Key Terms

- The non-renounceable rights issue offer is on the basis of one fully paid ordinary share for every ordinary share held at the Record Date
- Shareholders must have a registered address in Australia or New Zealand to be eligible to participate in the Entitlement Offer
- Shares will be offered at 7 cents per share

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- The Entitlement Offer will raise approximately \$33.5 million
- In addition, \$3 million will be raised via a placement of fully paid ordinary shares to sophisticated and professional investors
- The Placement is conditional upon the successful completion of the Entitlement Offer
- The Placement shares will be offered at 7 cents per share
- The Entitlement Offer is fully underwritten by Canaccord

Timetable

An offer document and entitlement form will be sent to eligible shareholders on the date referred to in the following timetable.

Record Date for Offer Eligibility	Wednesday 28 November 2012 (7pm)
Despatch of Entitlement Offer Booklet	Friday 30 November 2012
Entitlement Offer Opens	Friday 30 November 2012
Entitlement Offer Closes	Friday 14 December 2012
Shortfall Notification Date	Wednesday 19 December 2012
Settlement Date	Friday 21 December 2012
Allotment Date	Monday 24 December 2012
Despatch of Holding Statements	Thursday 27 December 2012
New Shares Commence Trading	Thursday 27 December 2012

This timetable is indicative only and may be subject to change. Subject to the Corporations Act and ASX Listing Rules, Lifestyle Communities reserves the right to vary the dates and times in connection with the Entitlement Offer, including the closing date, without prior notice.

Full details of the Entitlement Offer and a trading update can be found in the attached presentation.



For further information, please contact

Lifestyle Communities

Geoff Hollis

Chief Financial Officer

Ph: (03) 9682 2249

Email: geoff.hollis@mylifestyle.com.au

Canaccord Genuity

Shane Gild

Ph: (03) 8688 9199

Email: shane.gild@canaccord.com.au

About Lifestyle Communities

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

Eligible Shareholder declarations

IMPORTANT:

If you make an Application - you will be taken to make the following declarations to Lifestyle Communities:

- you agree to be bound by the terms of the Entitlement Offer and the constitution of Lifestyle Communities;
- you authorise Lifestyle Communities to register you as the holder of the New Shares allotted to you;
- you declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- you declare that, if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all your Entitlements and obligations under the Entitlement and Acceptance Form;
- you acknowledge that once Lifestyle Communities receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw it;
- you agree to apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- you agree to be issued the number of New Shares that you apply for;
- you authorise Lifestyle Communities, the Underwriter, the Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- you acknowledge that the information contained in this Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Lifestyle Communities and is given in the context of Lifestyle Communities' past and ongoing continuous disclosure announcements to ASX;
- you represent and warrant that the law of any place outside Australia and New Zealand does not prohibit you from being given this Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares;
- you acknowledge the statement of risks in the Investor Presentation, and that investments in Lifestyle Communities are subject to investment risk;
- you acknowledge that none of Lifestyle Communities, the Underwriter or any of their directors, officers, employees, agents, consultants, or advisers, guarantees the performance of Lifestyle Communities, nor do they guarantee the repayment of capital from Lifestyle Communities;
- you acknowledge that the Entitlements and the New Shares have not, and will not be, registered under the Securities Act 1933 (U.S.) or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any U.S. Person, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- you represent, warrant and agree that you are not in the United States and are not a U.S. Person or acting for the account or benefit of a U.S. Person;
- you agree not to send this Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person; and
- you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares on the Record Date.

Directory

Lifestyle Communities

Level 2, 35 Market Street
South Melbourne, VIC 3205
Ph: +61 3 9682 2249
Fax: +61 3 9682 1236
www.lifestylecommunities.com.au

Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Ph: 1300 850 505 (within Australia)
Ph: +61 3 9415 4000 (from outside Australia)

Canaccord Genuity (Australia) Limited

Level 4, 60 Collins Street
Melbourne VIC 3000
Ph: +61 3 8688 9199
www.canaccord.com.au

For all enquiries:

Phone:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 LIC
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See over for details of the Offer and how to make your payment

Non-Renounceable Entitlement Offer — Entitlement and Acceptance Form

Your payment must be received by 5.00pm (Melbourne time) on Friday, 14 December 2012

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By submitting this Entitlement and Acceptance Form along with your application monies (or making a payment by **B_{PAY}**), you agree to be bound by the terms of the Offer Documents and the Constitution of Lifestyle Communities, and acknowledge that the information contained in the Offer Documents is not investment advice or a recommendation that an investment in New Shares is suitable for you.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your controlling participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares. By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Booklet dated 30 November 2012.

Choose one of the payment methods shown below.

B_{PAY}: See overleaf. Do not return the payment slip below with your **B_{PAY}** payment. Simply enter the reference number shown over the page at step 2 and your details are recorded electronically.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to 'Lifestyle Communities Limited - Issue' and crossed 'Not Negotiable'. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below as indicated. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Entitlement and Acceptance Form

X 9999999991

I ND

STEP 1

Registration Name & Offer Details

Registration
Name:

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

 For your security keep your SRN/
HIN confidential.

Entitlement No: 00005856

Offer Details:

Existing shares entitled to participate as at
7.00pm (AEDT) on Wednesday 28 November 2012:

4,000

Entitlement to New Shares on a 1 for 1 basis:

4,000

Amount payable on full acceptance at A\$0.07 per New Share:

\$280.00

Please note you are unable to apply for additional shares above your entitlement.

STEP 2

Make Your Payment



Biller Code: 209247
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your
payment from your cheque or savings account.

Pay by Mail:



Make your cheque or bank draft payable to 'Lifestyle Communities Limited -
Issue' and crossed 'Not Negotiable'.
Return your cheque with the payment slip below to:

Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuers (the issuer), for the purpose of 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 external service companies such as print or mail service providers, or as otherwise 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(Cth), you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au

Lifestyle Communities Limited - Acceptance Payment Details

STEP 2

Entitlement taken up:

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New Shares

Amount enclosed at A\$0.07 per New
Share:

A\$

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Your payment must be received by 5:00pm (Melbourne time) on Friday, 14 December 2012



Entitlement No: 00005856

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Contact Details

Contact
Name

Daytime

Telephone

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14