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Immediate release to the ASX

Lifestyle Communities Raises \$50 million In Innovative Long Term Finance

Lifestyle Communities Limited (ASX Code: LIC) is pleased to announce that it has executed an agreement with a major institutional investor (Investor) securing a \$50 million investment in loan notes (Notes) to be issued by Lifestyle Investments 1 Pty Ltd, a wholly owned subsidiary of Lifestyle Communities Ltd.

The Notes provides Lifestyle Communities with a long term, innovative debt funding structure and with increased funding certainty for further community development.

The new finance facility enables Lifestyle Communities to:

- Swap short term debt with long term debt providing certainty of funding without shareholder dilution
- Make more strategic medium to long term decisions in relation to future land acquisition and community development
- Recycle locked-up equity in completed and near completed communities, allowing a more effective use of capital in new developments including Cranbourne, Shepparton and other development sites currently under negotiation
- Increase the growth of the number of units under management
- Increase operational income at a faster rate than would otherwise have been possible.

Lifestyle Communities will progressively draw down the Notes with the initial draw of \$38.5 million to take place at financial close, which is expected to occur within the next ten business days. The Notes:

- Have a minimum term of five years and a maximum term of ten years
- Are secured against Lifestyle Communities three operating communities
- Will pay a fixed quarterly coupon rate.



The Notes coupon will be funded from the development and operational cash flows from the Lifestyle Brookfield, Lifestyle Tarneit and Lifestyle Warragul communities and will be secured by a first mortgage over the community land. The majority of the long term operational income from these communities is generated from 90 year residential site leases that are linked to CPI increases.

The proceeds from the issuing of the Notes will be applied to:

- discharge the global debt facility with Westpac Banking Corporation (WBC), repay short term mezzanine financing provided by directors and pay for transaction costs associated with raising the Notes;
- commence the development of Lifestyle Shepparton and Lifestyle Bayside, Chelsea Heights; and
- acquire additional sites for the development of new Lifestyle communities.

It is anticipated that the repayment of the Notes will be funded from a combination of cash and senior debt or through a new Notes issue.

Lifestyle Communities will maintain a relationship with WBC for debt funding on selected projects including Lifestyle Communities recently commenced joint venture development in Cranbourne, Victoria.

Lifestyle Communities Managing Director James Kelly commented that "Directors believe that, in the current environment, this restructure of capital provides better long term financial returns to shareholders."

"Lifestyle Communities is targeting to commence the development of a new community every 12 – 18 months, subject to market conditions, with Lifestyle Cranbourne recently started and Lifestyle Shepparton now expected to commence construction before the end of the financial year", he added.

All communities continue to experience strong demand with 33% of the new Lifestyle Cranbourne project pre-sold, Lifestyle Brookfield sold out and Lifestyle Tarneit expected to be sold out prior to the end of the financial year.

The transaction was arranged by Alpha Partners, a boutique property investment bank run by former Macquarie Bank Executive Director Guy Nelson.

Please refer to the accompanying presentation.



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About Lifestyle Communities

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