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Release to the ASX

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Business Update from Lifestyle Communities Ltd.

Lifestyle Communities Limited (ASX Code: LIC) would like to provide the following market update on business performance and activities:

1. Planning approval for its Lynbrook Lifestyle Village has been granted.
2. Construction at Tarneit and Warragul has commenced.
3. Review of asset accounting classification has been completed.

1. Planning approval for its Lynbrook Lifestyle Village

Lifestyle Communities has received planning approval for its residential village in Lynbrook which will be comprised of more than 355 units. Lynbrook is located near Cranbourne in Melbourne's fast growing south eastern suburbs. Construction will commence later this year with residents moving into the village approximately eight months after construction commences.

Lifestyle Communities has yet to commence marketing activity for the village at Lynbrook, however, directors are pleased to announce that there has already been strong sales interest in the project.

2. Commenced construction at Tarneit and Warragul

Construction has commenced, on schedule, on the 137 unit village in Tarneit near Werribee and the 183 unit village in Warragul. Lifestyle Communities is expecting the first residents to be occupying both villages by Christmas 2008. Interest in the projects remains strong.

Lifestyle Communities currently has a development pipeline of over 1400 units, and the company will continue to pursue suitable sites for future villages.

3. Changes in Accounting Classification

Lifestyle Communities has been reviewing its accounting treatment and classification of assets to ensure it better informs shareholders about the underlying operating performance of the business and remove short term



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volatility whilst remaining compliant with the Australian and International Financial Reporting Standards (AIFRS).

As a result, Lifestyle Communities in future will recognise changes in a site's fair value only when a site is able to be occupied by residents and generate rental revenue, rather than during the initial construction stage of a development. Directors believe this approach will maintain the focus on the company's operating performance, which is best measured by the company's Earnings Before Interest, Depreciation and Amortisation (EBITDA).

Notwithstanding that the company's properties continue to appreciate in value in line with director's expectations, net profit after tax will be lower than previous guidance due to this change in accounting policy however the company is on track to achieve its operating EBITDA forecast.

For further information contact:

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About Lifestyle Communities

Based in Melbourne, Victoria, Lifestyle Communities develops and operates master planned over-55's independent living residential villages featuring quality homes at an achievable price. Our communities are designed to offer Lifestylers the opportunity to get the most out of life.