

## **Annual General Meeting – 2008/09**

### **Chairman’s Address - David Paranthoienne**

I am pleased to welcome you to the Lifestyle Communities Limited 2008/09 Annual General Meeting. Lifestyle Communities is pleased to report a very strong year for the company, despite a severe financial crisis across the world.

As detailed in our most recent Annual Report, your Board is pleased to report some significant milestones during the last 12 months, which I believe will lay the foundation for continued strong financial performance of the company.

It is particularly pleasing to report a Net Profit After Tax of \$705,000. This result includes a one-off loss on the sale of land at Lynbrook of \$3.0m incurred during the first half of the year. It is important to recognise the second half of the financial year produced a Net Profit After Tax of over \$3.0m, which your Directors believe reflects the current underlying performance of the business.

Throughout the year, the Board has continually reviewed strategy and risk in light of the global financial crisis, resulting in some decisions to financially strengthen the company. In particular, the sale of land for a future village at Lynbrook was a prudent decision and has contributed to significantly reducing company net debt levels from a peak of over \$36m in December 2008 to \$22.7m as at 30 June 2009.

While the improved financial performance is most heartening, the most critical fact for all shareholders is that the fundamentals of our business strategy continue to be reinforced based on recent statistics:

- Up to 2015, more Australians over 60 will be retiring from the workforce than entering it;
- More than 80% of retiring Australians will rely solely on the Federal Government Pension and Rental Assistance as they have insufficient or no retirement savings; and
- Research indicates that access to safe, secure and affordable housing in close proximity to family and services will remain a priority for those over 55.

The successful launch of two new Lifestyle Villages at Tarneit and Warragul was an operational highlight of the year and with Lifestyle Village Brookfield at Melton moving towards its final development stages, advanced planning for future villages is well under way to ensure the ongoing growth of the company.



Critical to the success of the business have been the efforts of the entire team at Lifestyle Communities, who have the responsibility to develop, build and sell new villages, as well as manage the operations for existing residents and ensure they obtain the full benefits of living within our villages. On behalf of all shareholders, I would like to thank them for their loyalty and contribution to building a successful company with a great future.

As Chairman, I would also like to take this opportunity to thank my fellow Directors for their contribution, support and energy to grow the financial strength of Lifestyle Communities and secure future value for all shareholders.

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

A handwritten signature in black ink that reads "David Paranthoene". The signature is written in a cursive style with a large initial 'D'.

David Paranthoene,  
Chairman  
19 November 2009