

11 September 2008

000001  
000  
SAM  
MR JOHN SAMPLE  
FLAT 123  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN VIC 3030

Dear Shareholder

### Share Purchase Plan – Shareholder Offer

#### Your opportunity to participate in the purchase of up to \$4,940 of new shares in Lifestyle Communities Limited

Lifestyle Communities Limited ACN 078 675 153 (LIC) is pleased to offer all eligible shareholders the opportunity to purchase up to \$4,940 worth of new fully paid ordinary shares in the Company at 9.5 cents per share under a Share Purchase Plan (**SPP**). This offer will be particularly attractive to those shareholders who would like to take advantage of the opportunity to acquire additional shares without incurring the usual transaction costs (such as brokerage, stamp duty etc) associated with such an acquisition.

Lifestyle Communities creates, owns and manages affordable independent living communities for active adults over the age of 55. We believe the demand for affordable housing will continue to strengthen over the next 10 – 20 years and Lifestyle Communities is well positioned to ensure that it participates in this rising demand.

The demographic trends that will have a significant impact on Australia during the coming 20 years are:

- The Australian population is getting older with the number of people over 60 growing each year, to the point that in 2015 more people 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.
- Access to safe, secure and affordable housing for those over 55, in close proximity to family and services, is expected to become a priority.

These factors are the key drivers behind the Lifestyle Communities business plan to build and operate independent living communities targeting those people who are over 55 years of age.

During 2008, Lifestyle Communities featured prominently in *Business Review Weekly's* (BRW) prestigious "Fast 50" list of rapidly growing Australian companies.



The recently completed 2008 financial year has seen significant growth in EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to \$2.11 million, along with an increase by more than 33% in the Net Assets of the Company. We expect further growth in EBITDA in the 2009 financial year. Full details of the Company performance are included in the 2007/08 Annual Report which is available for viewing or downloading at our website – [www.lifestylecommunities.com.au](http://www.lifestylecommunities.com.au)

The proceeds raised under the SPP will be used in the continued development and expansion of Lifestyle Communities' existing village sites at Brookfield, Warragul, Tarneit, Lynbrook and Shepparton.

Participation in this offer is voluntary and is offered to all Australian and New Zealand resident shareholders registered on the Company's share registry as at 7.00pm 8 September 2008.

**The Company would like to advise that all Directors (through their respective holding companies) have indicated their intentions to take up their maximum investment option within the Share Purchase Plan.**

The offer is non-renounceable and only one application per eligible shareholder will be accepted.

The issue price of 9.5 cents under the SPP is a 3% discount to the 5 day volume weighted average trading price leading up to and including 3 September 2008.

The market price of the shares may rise and fall between the date of the offer and the date on which the shares are allotted to you. Therefore the value of the shares you receive on the allotment date may be more or less than the price paid for the shares under the SPP.

### ***How to participate***

If you wish to accept the offer to participate in the SPP, please read the enclosed documents including the Terms and Conditions before completing the Application Form and returning it in the enclosed reply paid envelope or you can simply select the BPay option provided. You should consider seeking your own independent professional advice in relation to the offer before deciding to participate.

Acceptances and payments need to be received by our registry service, Computershare Investor Services Pty Ltd, before 5.00pm 29 September 2008. Holding Statements for valid acceptances will be sent to shareholders on or around 7 October 2008.

Should you have any queries in relation to the SPP, please contact our share registry service team at Computershare on 1300 850 505 or +61 3 9415 4000.

This offer enables direct investment in the Company by existing shareholders, and most particularly the SPP addresses concerns raised in the past by shareholders in relation to the many small shareholders on the register and their ability to have greater participation in the Company's future. I welcome your direct participation in the Company via this current investor offer.

Yours faithfully

David Paranthoiene  
Chairman



## **Frequently asked questions (Incorporating the SPP Terms and Conditions)**

### ***What is a Share Purchase Plan (SPP)?***

A Share Purchase Plan (SPP) is an offer to eligible shareholders to acquire additional shares directly from the Company thereby avoiding brokerage and other transaction costs. A benefit often only received by Institutional Investors.

### ***Who is eligible?***

All Australian and New Zealand resident shareholders on the Company's share register as at 7.00pm, 8 September 2008 are eligible to participate in the SPP.

### ***Do I have to participate?***

The SPP is a voluntary offer; the choice to participate or not is yours.

### ***Can I transfer my offer under the SPP to a third party?***

The offer to participate is non-renounceable therefore you cannot transfer the offer to anyone else.

### ***What are the rights of the Shares being offered?***

The offer is for fully paid ordinary shares in the Company and will rank equally with all other ordinary shares already on issue.

### ***How much can I invest?***

The SPP enables a maximum new investment per eligible shareholder of \$4,940. You will see the SPP Acceptance Form allows for amounts lower than \$4,940 to be invested however the minimum investment amount under the SPP is \$570.

### ***What happens if the offer is oversubscribed?***

The Board has resolved that a maximum of \$3 million will be raised under the SPP. If the SPP is oversubscribed the Company may, in its absolute discretion, undertake a scale back to the extent and in the manner it sees fit. Such scaling back may not be on a pro rata basis and it should be noted that priority will be given to eligible shareholders whose application for new shares will increase their total holding to not less than a marketable parcel.

### ***How was the Issue Price determined?***

The 9.5 cent per share issue price is a 3% discount to the 5 day volume weighted average price of ordinary shares traded on the market leading up to and including 3 September 2008.

### ***Do I have to pay any other costs?***

The SPP gives you the ability to acquire shares directly from the Company therefore there are no brokerage, stamp duty or other transaction costs involved. The only cost to you is the 9.5 cent issue price of each share.

### ***How do I apply under the SPP?***

- Please read all of the enclosed documents carefully.
- Complete the enclosed Acceptance Form.
- Return the completed Acceptance Form and appropriate full payment using the reply paid envelope to Computershare Investor Services Pty Ltd or simply use the BPay service provided. Acceptance Forms or BPay must be received before 5.00pm 29 September 2008 (the Closing Date).

**What if I get more than one Acceptance Form?**

If you receive more than one Acceptance Form, or you are a shareholder in more than one capacity (eg sole holder and joint holder), the maximum value of shares you may apply for under the SPP is \$5,000 in aggregate. This limitation is imposed by the Australian Securities & Investments Commission (ASIC). The Company has provided an acceptance form with an upper limitation of \$4,940 to ensure no fractional entitlements to shares are created. By applying to purchase shares under the SPP you certify that you have not exceeded the maximum \$5,000 regulatory limit. If you act as trustee or nominee for one or more named persons (each a "beneficiary"), each such named beneficiary is regarded as an eligible shareholder in respect of participation in the SPP.

**How long is the SPP offer open?**

The SPP offer period is from 11 September 2008 to 5.00pm 29 September 2008. Please allow adequate time for postage return of your Acceptance Form and payment.

**When will I receive my Shares?**

The Closing Date for acceptances is 29 September 2008. The Company anticipates allotting shares on 3 October 2008 and mailing holding statements to shareholders 7 October 2008.

**Can the offer be changed?**

The offer can be amended, suspended or terminated at any time and any administrative procedures deemed appropriate to the offer may be adopted. The Company reserves the right to accept or reject your application, to vary the date the offer closes, the date the shares are allotted and the date holding statements are dispatched to shareholders. Any variation of date will be notified to the Australian Securities Exchange (ASX). The Company also reserves the right to waive strict compliance with any of the Terms and Conditions applicable to the SPP.

**What about my privacy?**

Computershare Investor Services Pty Ltd advises that Chapter 2C of the Corporations Act (2001) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included on the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting Computershare Investor Services at the address or telephone number shown in these documents, or view their Privacy Policy at [www.computershare.com.au](http://www.computershare.com.au)

**Important Dates:**

Record Date for Offer	8 September 2008
Offer sent to Eligible Shareholders	11 September 2008
Offer Closes	29 September 2008
Allotment of New Shares	3 October 2008
Dispatch of Holding Statements	7 October 2008

The Company may alter these dates if circumstances require. Such alterations will be notified to ASX.

**More Information:**

If you have any queries in relation to the SPP please contact Dael Perlov, Director of Operations at Lifestyle Communities (03 9682-2249) or Computershare Investor Services Pty Limited  
Investor queries (within Australia) 1300 850 505 or (outside Australia) +61 3 9415 4000.