

## **Annual General Meeting Chairman's Address - David Paranthoene**

Following the completion of the first full year of operations as a public company, I am pleased to welcome you to the Lifestyle Communities Limited 2007/08 Annual General Meeting. In many ways, it has been an exciting year for Lifestyle Communities as we continue the implementation of our strategic plan to develop, build and operate master-planned affordable independent living communities for people aged over 55.

While the Global Financial Crisis has created significant economic uncertainty in Australia, there are undeniable realities that will significantly contribute to the fabric of our nation over the coming 20 years, including:

- The Australian population is getting older with the number of people over 60 growing each year to the point in 2015 when 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 will become more of a priority.

We believe these important factors continue to support the Lifestyle business plan to build and operate independent living communities targeting those people who are over 55 years of age, and rather than be distracted by the financial mayhem, your Board remains committed to executing the business plan. To achieve that goal and ensure the financial security of the company, the company is in the process of undertaking a capital raising by way of a non renounceable rights issue of around \$10m that will "bullet-proof" the company against external threats such as the shortage of credit.

The details of the rights issue have been distributed to all shareholders which represents an opportunity for you all to participate equally in the capital raising and avoid any dilution of your shareholding. The rights issue, if fully subscribed, will not in itself result in any change to control. The Company would like to highlight that the Founding Directors have provided the Board with a commitment to invest at least \$4.5 million via the rights offer. The Board has resolved to place any shortfall in the take up of rights at its discretion with either existing members, or any Institutional or Sophisticated Investors.

Funds raised will be used to lower current debt levels as well as maintain a financial buffer to allow for the ongoing development of Lifestyle villages in Melton, Warrigal, and Tarneit. This action has been supported by the recent sale of surplus land at Lynbrook for over \$3m which is due to be settled in March 2009.



The financial results for the first full year of operations as a listed public company are particularly pleasing and complimentary to the medium term plan of developing a consistent annuity income stream from several thousand occupied sites across multiple villages.

With Brookfield Village in Melton, Victoria as our flagship village, Lifestyle Communities is well advanced, the development of other new villages across Victoria which will assist in increasing the number of sites under long-term management to more than 1,000 over the next few years. Our new villages at Tarneit and Warrigal are well advanced in the construction of infrastructure – roads, services (gas, electricity and water), as well as the main clubhouse and leisure facilities – and we anticipate new residents will begin moving into these villages before the end of this calendar year.

The Board would like to acknowledge and thank the former Chairman of Lifestyle Communities Limited, Mr. Brendan Redden, who retired in February 2008 having made a significant contribution to the company over the years. During the year, the Board also welcomed a new non-executive Director in Mr. Tim Poole. I would like to take this opportunity to thank Tim and the Executive Directors of the business – James Kelly, Managing Director, Bruce Carter, Finance Director, and Dael Perlov, Operations Director – for their support and energy to maximise the future of the business for all shareholders.

Finally, I would like to recognise 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.

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 dark ink, appearing to read 'David Paranthoiene', written in a cursive style.

David Paranthoiene,  
Chairman.  
20 November 2008