

ASX ANNOUNCEMENT
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Strong over 55s property sector drives profit growth, underpins future expansion for Lifestyle Communities

Leading Victorian over 55s property developer, Lifestyle Communities Limited (ASX Code: LIC), today reported a net profit of \$705,000 for the 2008/09 financial year.

The result includes a one-off loss of \$3m on the sale of land at Lynbrook in the first half of the year. The second half of the year produced a Net Profit after Tax of over \$3m, representing another strong year for the company in the face of the economic downturn caused by the global financial crisis.

The Board of Lifestyle Communities Limited attributed the strong result to careful risk management and operational planning that helped mitigate the impact of the domestic economic slowdown.

At a glance:

- Revenues: \$14.8m (up from \$8.8m in FY 2007/08)
- Earnings before Interest Tax Depreciation & Amortisation and loss on sale \$4.7m (up from \$2.1m in FY2007/08)
- Net Assets at the end of the year: \$22.1m (up from \$15.2m in FY2007/08)
- Closing Debt \$24.6m (down from \$27.1m in FY 2007/08)

Contributing to the strong profit result was the successful launch of two new Lifestyle Villages in Tarneit, which is part of Melbourne's fast growing Western corridor, and in the semi rural town of Warragul in Melbourne's Eastern corridor. The new villages have added to the company's current and future revenue stream.

Brookfield Village in Melton is currently selling its final stage of homes and planning for future villages is well advanced, ensuring ongoing growth of the company.

Lifestyle Communities MD James Kelly said: "This is another very positive result and one that will lay the foundation for continued strong financial performance."

"Lifestyle Communities is well positioned to capitalise on sustained growth in demand for affordable housing for people aged 55 and over. With three villages in development, and more in the advanced planning stages, we are a clear leader in this growing market segment," Mr. Kelly said.



During the financial year, management concentrated on reducing company net debt levels from a peak of over \$36m in December 2008 to \$22.7m at 30 June 2009.

The business has also indirectly benefited from the strength of the sub \$320,000 residential property market in Victoria, which has enabled Lifestyle Communities customers to sell homes and settle earlier, further contributing to a strong operating performance.

Performance highlights include:

- ✓ Achieved an EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) of \$1.7m (\$2.1m 2008), however after reversing the \$3.0m Lynbrook loss on the sale of land, the normalised EBITDA for 2008/09 is \$4.3m;
- ✓ Recorded a Net Profit After Tax (NPAT) of \$705,000, with the second half alone delivering a NPAT over \$3.0m;
- ✓ Reduced net debt from a peak of over \$36m in December 2008 to \$22.7m at 30 June 2009;
- ✓ Received second half unit settlements income of \$8.3m compared with \$4.7m for first half;
- ✓ Received \$1.2m in site rental income compared with \$761,000 for the previous financial year;
- ✓ Opened the Lifestyle Seasons Village in Tarneit and Lifestyle Warragul; and
- ✓ Successfully raised \$6m through a non-renounceable rights issue and share placement.

Looking forward

There is a strong alignment between Lifestyle Communities' affordable housing business model and wider demographical trends among older Australians.

ABS statistics show that by 2015, more Australians over 65 will be retiring from the workforce than entering it, while more than 80% of retiring Australians will rely solely on the Federal Government Pension and Rental Assistance for their income.

Separate research indicates that access to safe, secure and affordable housing in close proximity to family and services will remain a priority for those aged over 55.



Lifestyle Communities MD, James Kelly said the combination of demographic and lifestyle trends will drive the business model forward in the coming financial year and beyond.

“While the financial performance is positive, the most critical factor is that our offering is truly addressing what can only become an increasing gap in the market for affordable, over 55s housing.”

About Lifestyle Communities

Lifestyle Communities Limited specialises in creating and managing affordable, master planned communities for Australians aged 55 and over. Lifestyle Communities has more than 1100 homes under management or in various stages of development across Victoria.

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