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THE SAMPLE HILL
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SAMPLEVILLE VIC 3030

21 November 2012

Dear Shareholder

Non-renounceable Entitlement Offer - notification to ineligible shareholders

On 20 November 2012, Lifestyle Communities Limited (ASX Code: LIC) (**Lifestyle Communities**) announced a fully underwritten pro rata non-renounceable entitlement offer of new fully paid ordinary shares (**New Shares**) at an offer price of \$0.07 to raise up to approximately A\$33.5 million (**Entitlement Offer**).

Under the Entitlement Offer, existing Lifestyle Communities shareholders who are eligible to participate will be offered 1 New Share for every 1 existing fully paid ordinary share in Lifestyle Communities.

Shareholders who are eligible to participate in the Entitlement Offer are Lifestyle Communities shareholders who:

- (a) are registered as a holder of Lifestyle Communities shares as at 7.00 pm (Melbourne time) on Wednesday, 28 November 2012;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States or acting for on behalf of US Persons; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer,

As you do not satisfy the eligibility criteria for Eligible Shareholders, Lifestyle Communities is unfortunately unable to extend to you the opportunity to participate in the Entitlement Offer.

This notice is to inform you that you are not eligible to apply for New Shares and you will not be sent a copy of the offering materials relating to the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

The restrictions upon eligibility are because of legal limitations in some countries, the relatively small number of shareholders there, the small number of securities they hold and the potential cost of complying with regulatory requirements in those countries. Lifestyle Communities has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in all countries in connection with the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Lifestyle Communities wishes to advise you that it will not be extending the Entitlement Offer to you.


As the Entitlement Offer is non-renounceable, you will not receive any value for entitlements in respect of any New Shares that would have been offered to you if you were eligible to participate in the Entitlement Offer.

If you have any questions in relation to any of the above matters and this letter, please contact Lifestyle Communities on +61 3 9682 2249.

For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the Directors, I thank you for your continued support of Lifestyle Communities.

Yours Sincerely

A handwritten signature in black ink, appearing to read "David Paranthoene". The signature is written in a cursive, flowing style.

David Paranthoene
Chairman