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ASX Release

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Community Life establishing a property trust to capitalise on major growth opportunity

Community Life Limited ("Community Life" or "the Company") is building a business that provides independent seniors' living and is committed to developing a brand and solid business that delivers sustainable returns for its shareholders. The Company successfully completed its Initial Public Offering, raising \$20 million, and was admitted to the ASX official list on 19 November 2004.

Since listing, Community Life has established a solid base for expansion in the large and growing seniors' accommodation market. It has been able to secure development sites (via purchase, options or conditional contracts) and is also negotiating the acquisition of additional sites. The resulting pipeline (subject to DA consents) will deliver approximately 1,300 units in seniors' accommodation communities in the medium term, at a development cost of around \$85 million – \$100 million. Community Life's current capital structure does not, in the opinion of the Directors, facilitate this growth opportunity.

In order to take advantage of these growth prospects and to enhance the Company's long term expansion and business capacity, the Directors have evaluated alternative structures with the assistance of external advisors. Consequently, Community Life is now in the process (subject to regulatory approval) of establishing a property trust in order to:

- achieve its medium term property funding objectives;
- maximise Community Life's growth prospects; and
- increase the Company's earnings capacity.

The benefits accruing to shareholders from this structural change are forecast to be earnings per share positive and non diluting to the interests of existing shareholders.

Establishing a property trust will require changes to revenue recognition policies as Community Life will not be able to recognise royalty or development revenues until completed communities are sold into the trust. This policy change, together with the timeframe presently required to obtain development approvals, will result in a NPAT forecast for FY05 of approximately \$0.5 million and cash balances of \$13.0 million. The Prospectus anticipated a NPAT of \$4.7 million and cash balances of \$2.9 million. Following the successful establishment of the trust, the Company proposes making a return of capital (subject to shareholder and regulatory approvals) to shareholders of 6.5 cents per share by the end of October 2005, in lieu of paying a dividend as indicated in the Prospectus.

In summary, the establishment of a property trust will provide Community Life with access to capital in order to take advantage of the opportunities identified above and capitalise on the significant growth prospects present in the independent seniors' accommodation industry.

About Community Life Limited (ASX:CLF)

Community Life is a developer, owner and manager of independent seniors' accommodation. For further information on Community Life please refer to www.communitylife.com.au.

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