



AGM Presentation

November 2010



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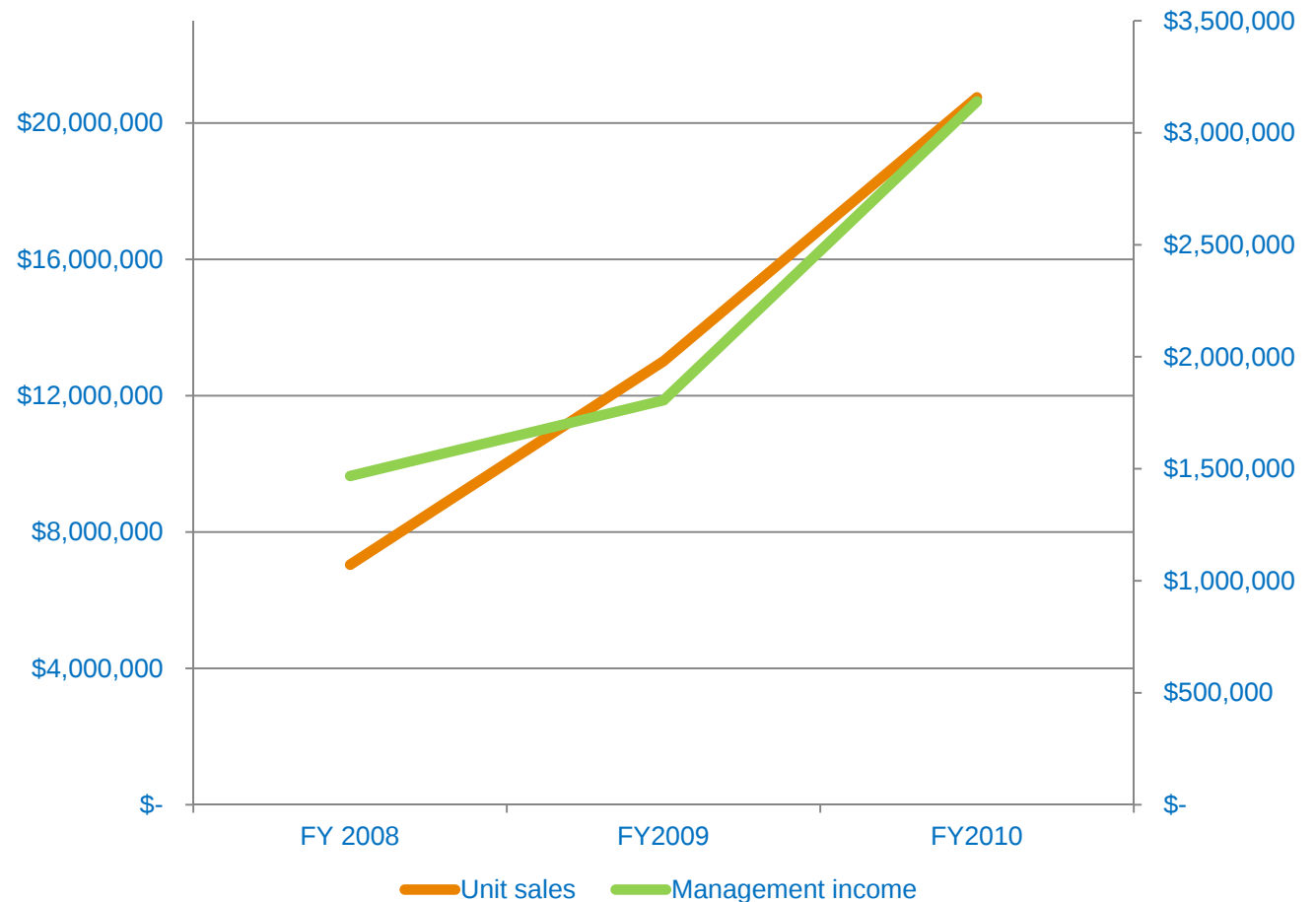
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Highlights

- Net Profit Before Tax: \$7.6m
- Net Profit After Tax: \$5.3m
- Gross revenues: \$23.9m (up from \$14.8m in the previous financial year)
- Gross Management Revenue: \$3.1m (up from \$1.9m in the previous financial year) incorporating:
 - Site revenues: \$1.9m (up from \$1.2m)
 - DMF revenues: \$1.2m (up from \$0.7m)
- Cash flows from operations: \$2.3m (a turnaround of \$7.7m from the previous financial year)
- Reduction in bank debt from \$24.5m (2009) to \$22.8m (2010)

Income growth





Profit & Loss

Profit and Loss Highlights		
	<i>FY2010</i>	<i>FY2009</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Revenue		
Unit sales	20,755	13,016
Management income	3,140	1,806
Net profit before tax and significant items	7,641	4,110
Significant items	-	(3,077)
Net profit before tax	7,641	1,032
Net profit after tax	5,297	705
Earnings per share (cents)	1.15	0.18



Balance Sheet

Balance Sheet Highlights		
	<i>FY2010</i>	<i>FY2009</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Investment properties	37,453	27,019
Total assets	60,332	49,476
Bank borrowings	(22,830)	(24,526)
Loan to value ratio	37.8%	49.6%
Total liabilities	(32,848)	(27,340)
Net assets	27,484	22,136
NTA backing (cents)	5.95	4.79



Market Opportunities and Conditions



Affordable Seniors Housing





Key Market Drivers

Housing affordability is a key issue for both the public and private sectors.

- The median net worth of a single person over 65 years of age is \$334,000 (ABS: 2005-06)
- Percentage of single people that rely on pensions as their primary source of income: 77% (ABS 2005-06)
- Median superannuation savings of a single person over 65 is \$26,000 (ABS 2005-06)
- The number of people aged over 65 will double by 2021 and then double again by 2051. (ABS 2005-06)





Key Market Drivers

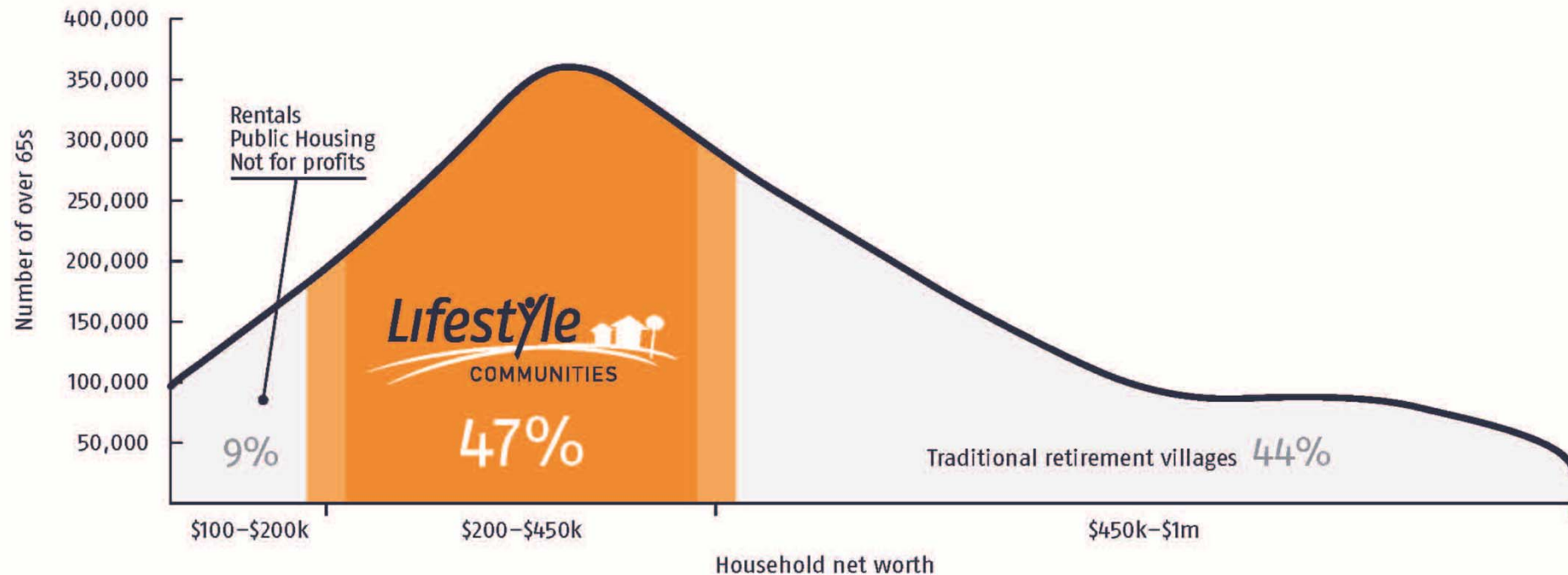
The big housing market themes are:

- Affordability
- The ageing population

Lifestyle Communities market offering directly addresses these key market themes.

Lifestyle Communities will continue to build on its established business and to grow the business. Indeed, we are seeing other market players repositioning their product to better focus on the affordable, ageing market.

Senior's Housing Market Segmentation



- There are approximately 2.1 million people within households aged over 65 in the population
- Over 47% (more than 700,000 people) are within Lifestyle Communities target market
- Lifestyle's penetration of the market is less than ½ of 1%

Source: based on ABS data



Current Status

ASSETS						
Communities	Sites	Sites sold and occupied	Sites sold and being developed	Sites sold, occupied and being developed		Sites unsold
<i>Existing communities</i>				#	%	
Melton 	229	204	20	224	98	5
Tarneit 	137	74	23	97	71	40
Warragul 	183	62	23	85	46	98
	549	340	66	406	74	143
<i>Communities yet to commence</i>						
Shepparton 	320	-	-	-	-	320
Cranbourne* 	218	-	47	47	22	171
Chelsea Heights	110	-	-	-	-	110
	648	-	47	47	9	601
Total sites	1197	340	113	453	42	744

* Data correct as at 11 November 2010

Brookfield



November 2009



September 2010



Affordable Seniors Housing



Warragul



August 2008



September 2010



Affordable Seniors Housing



Seasons



November 2009



September 2010



Affordable Seniors Housing

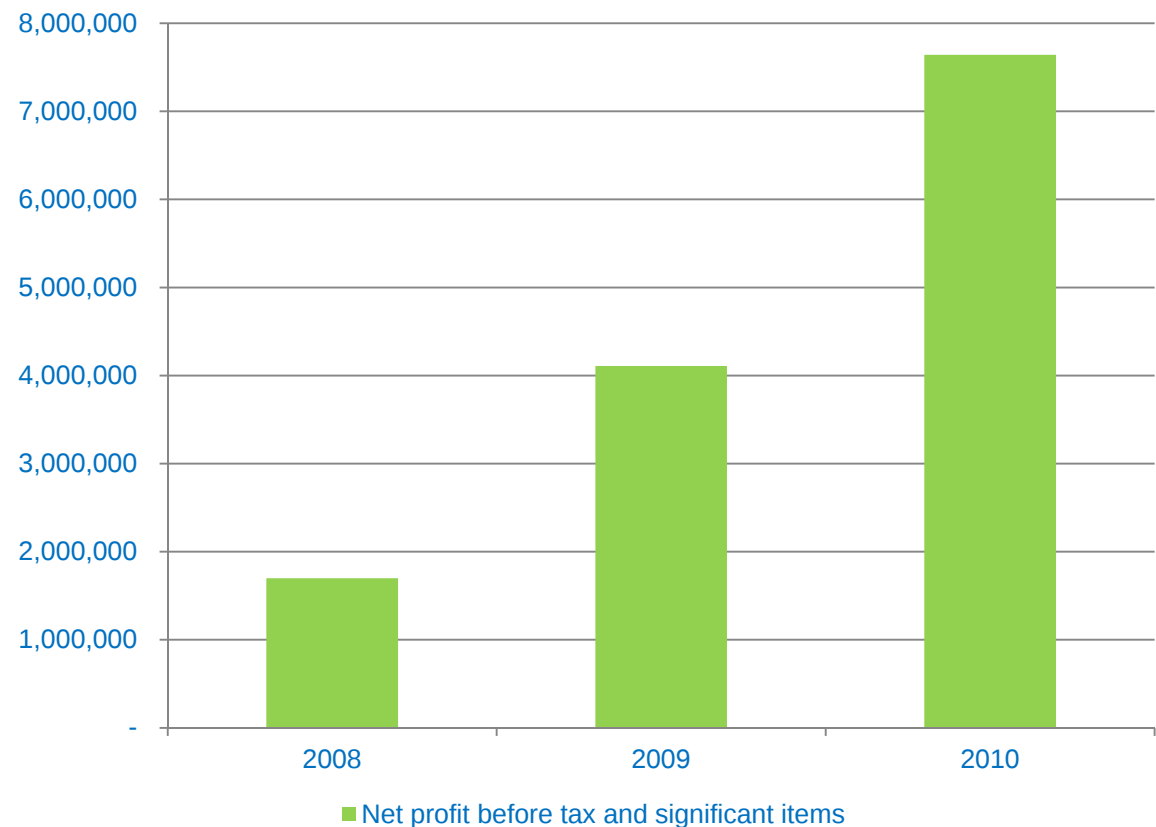




Outlook

- Debt and equity markets remain tight and LIC will continue to explore ways to intelligently fund future asset growth
- Aging population and housing affordability will continue to be the main themes driving the business
- Subject to current business structure and funding, full year NPBT should be higher than in the previous financial year

Net profit before tax and significant items





ESOP

- ESOP has been established as a Long Term Incentive (LTI) for key staff and directors
- Total number of options being offered to senior executives and directors is 12,750,000 options including:
 - Five (5) senior executives will participate in the ESOP
 - Five (5) directors who will participate in the ESOP
- Should all the options be exercised after the 2 year escrow period, this equates to a 2.8% dilution
- Directors are not eligible for the bonuses to assist with any tax obligations
- The LTI's were determined by the remuneration committee in consultation with our advisors. Due to the size, complexity and growth prospects of the Lifestyle business, 2 years is the appropriate escrow period for a company of this nature and industry segment.



ESOP continued...

- Additionally senior executives and directors have Short Term Incentives (STI's) in place to ensure the focus by key executives and directors remains on adding value to the business and shareholder value



Summary

- FY2010 key financial highlights:
 - Net profit before tax \$7.6m (FY2009: \$1.0m)
 - Net tangible assets \$27.5m (FY2009: \$22.1m)
 - Net operating cash flows \$2.3m (FY2009: deficit of \$5.4m)
- Status of existing communities (correct at 15th November 2010):
 - Melton: 98% of sites sold
 - Tarneit: 74% of sites sold
 - Warragul: 47% of sites sold
 - Cranbourne: 22% of sites sold
 - Shepparton: Commences in 2011
 - Chelsea Heights: Commences in 2011





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