



Results Presentation for the Year
Ended 30 June 2011

August 2011



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This document should be read with the Disclaimer at the end of the document



Financial Results

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- Loan Notes





Highlights

- Net profit before tax: \$10.4m
- Net profit after (current) tax: \$10.4m *
- Net profit after tax: \$6.8m
- Dividend: 0.5 cents per share (fully franked)
- Gross revenues: \$28.0m (up from \$23.9m in the previous financial year)
- Gross management revenues: \$4.4m (up from \$3.1m in the previous financial year) incorporating:
 - Site revenues: \$3.0m (up from \$1.9m)
 - DMF revenues: \$1.4m (up from \$1.2m)
- \$50m loan note facility executed May 2011 - \$38.5m drawn down at year end

*Represents net profit after current tax paid on these results and excludes deferred tax expense as this will materially only be realised upon the disposal of community assets

Income growth





Profit & Loss

Profit and loss highlights			
	<i>FY2011</i>	<i>FY2010</i>	
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>% movement</i>
Revenue			
Unit sales	22,697	20,755	+ 9%
Management income	4,421	3,140	+ 41%
Net profit before tax	10,422	8,477	+ 23%
Net profit after (current) tax*	10,422	8,477	+ 23%
Earnings per share (based on Net profit after (current) tax) (cents)	2.25	1.83	+23%
Net profit after tax	6,824	5,883	+ 16%
Earnings per share (cents)	1.47	1.27	+ 16%

*Represents net profit after current tax paid on these results and excludes deferred tax expense as this will materially only be realised upon the disposal of community assets



Balance Sheet

Balance sheet highlights		
	<i>FY2011</i>	<i>FY2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Investment properties	54,982	39,802
Total assets	92,821	62,681
Bank borrowings (current)	(2,334)	(22,830)
Loan note borrowings (non-current)	(37,170)	-
Loan to value ratio	42.6%	36.4%
Total liabilities	(56,701)	(33,552)
Net assets	36,121	29,129



Cash Flow

Cash flow highlights		
	<i>Change from FY2010</i>	<i>FY2011</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Receipts from customers	+ 4,045	to 29,301
Payments to suppliers and employees*	+ 4,667	to (27,480)
Net interest payments	+ 494	to (659)
Cash flows from operations	- 1,115	to 1,163
New project capital expenditure**	+ 2,298	to 2,298
Cash flow from operations (excluding new project capital expenditure)	+ 2,298	to 3,461

*Due to Lifestyle Communities accounting policies, payments to suppliers and employees includes all gross costs of construction (such as infrastructure and housing). Therefore cash flows from operations will be negatively impacted when Lifestyle Communities is in the cash intensive development phase of a community.

**New project capital expenditure relates to cash flows incurred in the initial stages of a development up until settlement cash flows are being received.



Dividend

- Dividend declared on 19th August 2011:
 - 0.5 cents per share (fully franked)
 - Record date – 16th September 2011
 - Payment date – 28th September 2011
- It is the intention of the Company to implement a Dividend Reinvestment Plan prior to any further distributions
- The planned ongoing dividend strategy will be tied to operational cash flows and overall profitability each year
- In the future development of new communities will be funded from a combination (but not necessarily all) of:
 - Short-term project financing
 - Long-term debt
 - Capital raised from shareholders



Loan Notes

In May 2011 Lifestyle Communities entered into a 10 year* \$50m loan note facility.

The new funding facility:

- Swaps short-term debt with long-term debt providing certainty of funding
- Facilitates the recycling of capital from maturing developments into new projects
- Accelerates the growth in the number of units under management
- Accelerates the growth in the group's annual annuity income from site rental and deferred management fees

*Both Lifestyle Communities and the lender have the option for early redemption after 5 years



Market Conditions and Opportunity



Affordable Seniors Housing





Key Market Drivers

Housing affordability and security are key considerations of our target market.

Recently undertaken Newspoll research* identified the following issues at the forefront of our customers mindset:

- 52% of respondents agreed that the majority of their wealth was tied up in the family home
- Significantly more over 65s felt the majority of their wealth was tied up in the family home
- Significantly more respondents with household income less than \$40k felt the majority of their wealth was tied up in the family home
- 66% of those surveyed agreed that they want to live in a community where they felt secure and neighbors looked out for each other



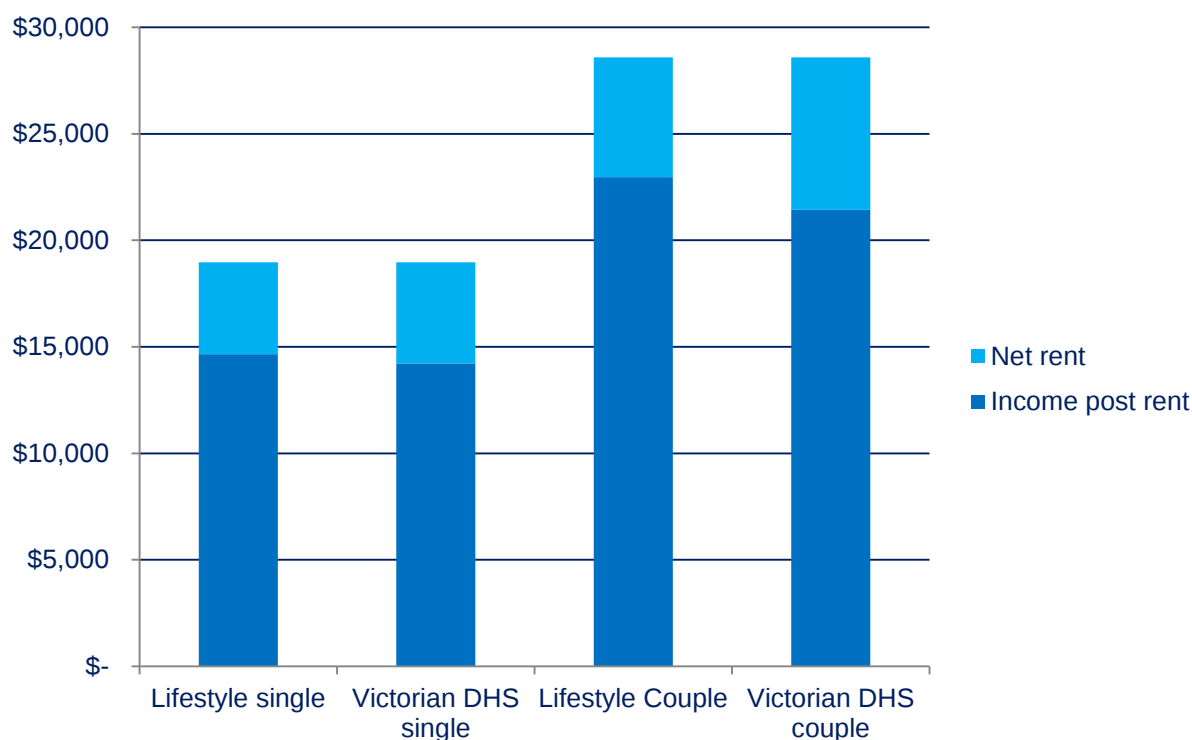
*The Newspoll research represents a weighted sample size of 1,739,000 people (Victorians)



Affordability

Our typical customer relies on the government pension for the majority of their income with their equity tied up in the family home. There are two stages of affordability, one being the initial home purchase and two being the ongoing costs of living.

Rent as proportion of pension

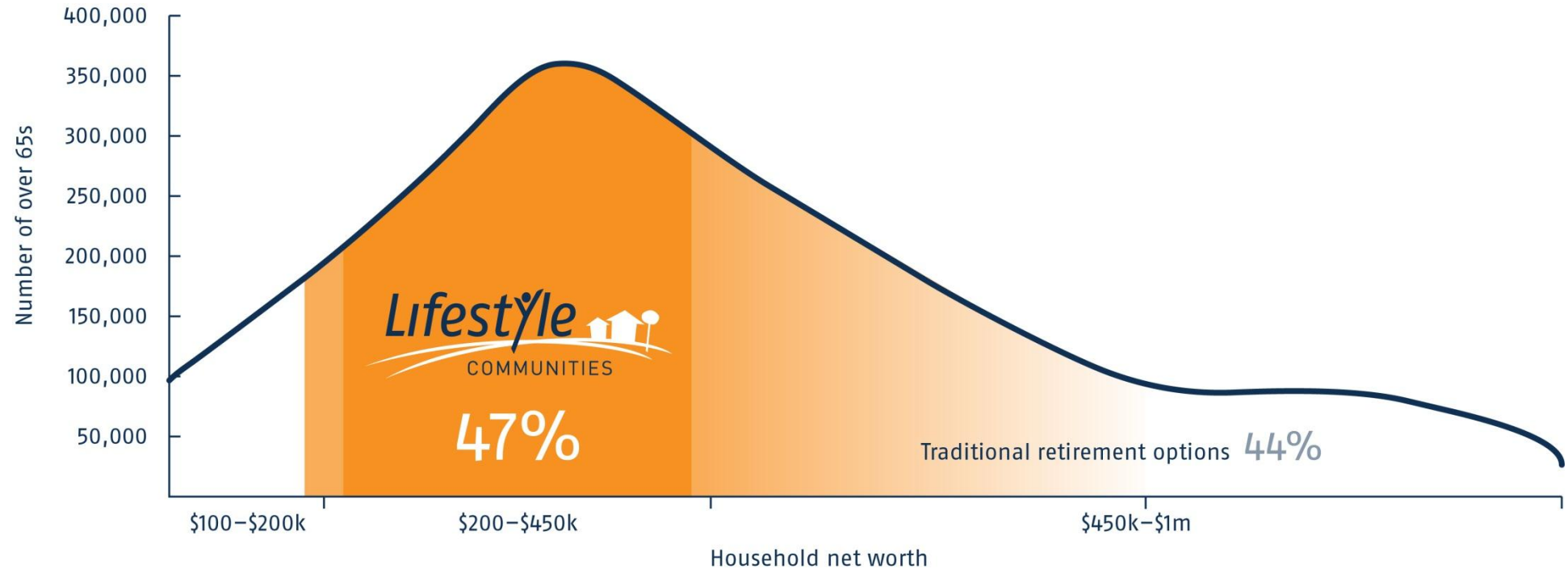


- Residents are paying 22.7% of their pension as rental (for singles) and 19.6% (for couples)
- The target for residents of public housing is to pay 25% of their pension as rental
- Lifestyle residents have significantly more free income post rental

Sources: Australian Government Centrelink website and Victorian Government Department of Human Services website August 2011

*Net rent is net of rental assistance

Senior's Housing Market Segmentation



- There are approximately 2.1 million people within households aged over 65 in the population
- Over 35% (more than 700,000 people) are within Lifestyle Communities target market
- Lifestyle's penetration of the market is less than half of 1%

Source: based on ABS data

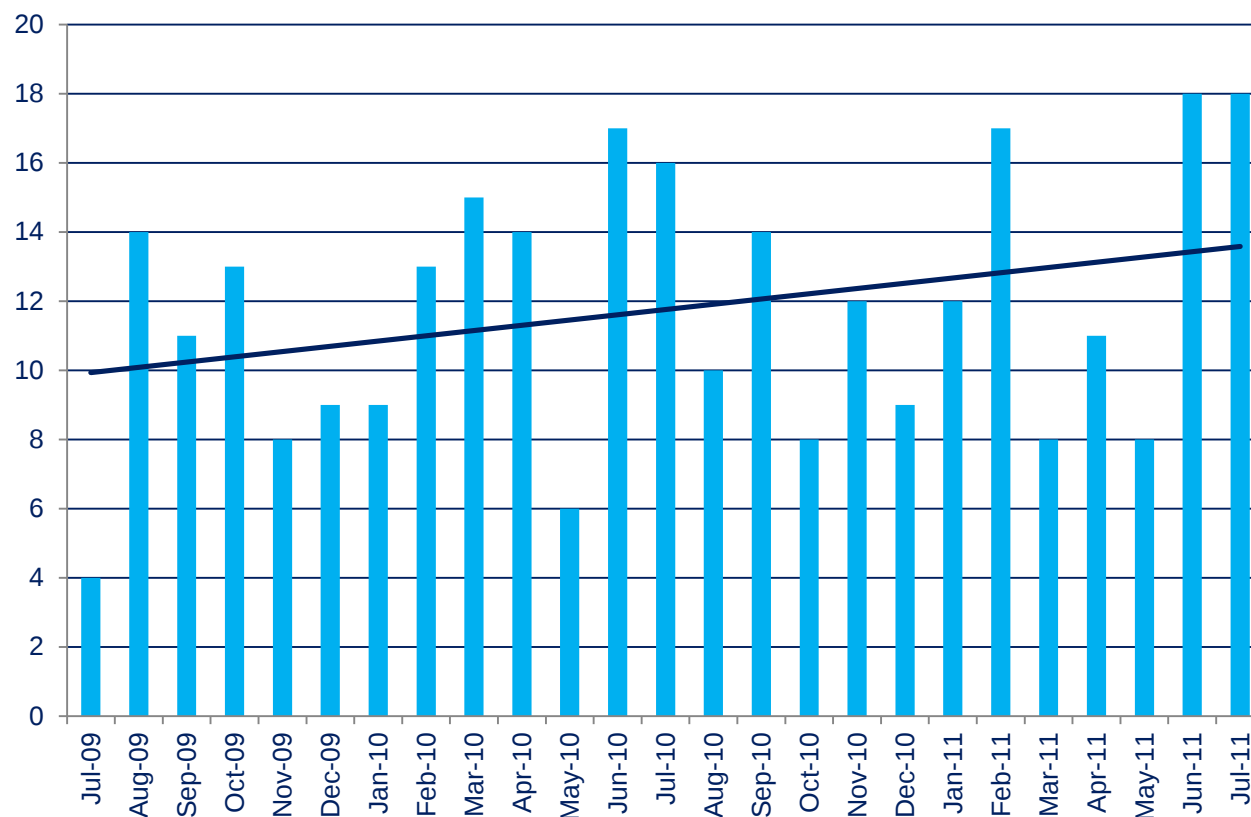


Market Conditions

Key Indicators

- Affordability continues to be a key driver of enquiry
- Customer commitments steadily increasing
- Outer suburban residential property demand still positive
- Overall settlement of commitments still strong (average of 9 settlements per month in FY2011)

Monthly customer commitments - last 2 years

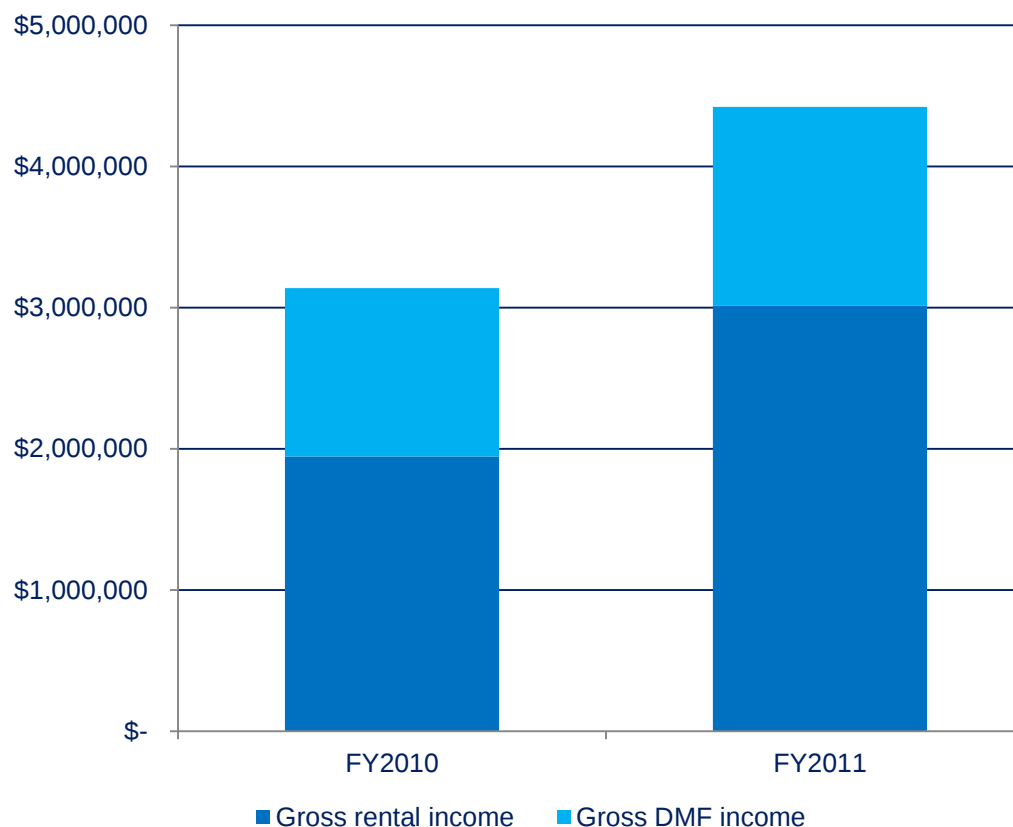




Business Model

- Lifestyle is a developer, owner and manager of affordable senior housing communities
- Lifestyle operates as a “land lease” model and is NOT a retirement village
- Residents lease the sites, where their home is situated and pay a market rental, of which a proportion is rebated by Federal Government Rental Assistance for eligible residents
- Over 60% of net operational income is derived from site leases
- Additional operational income generated from Deferred Management Fees (DMF)

Gross Management Income





Current Status

ASSETS						
Communities	Sites	Sites sold and occupied	Sites sold and being developed	Sites sold, occupied and being developed		Sites unsold
Existing communities				#	%	
Brookfield (Melton) 	228	219	9	228	100	–
Seasons (Tarneit) 	136	107	27	134	99	2
Warragul 	182	92	22	114	63	68
Cranbourne* 	217	19	72	91	42	126
Shepparton 	217	–	10	10	5	207
	980	437	140	577	59	403
Communities yet to commence						
Chelsea Heights* 	106	–	–	–	–	106
Hastings 	144	–	–	–	–	144
Drouin*	191	–	–	–	–	191
	441	–	–	–	–	441
Total sites	1421	437	140	577	41	844

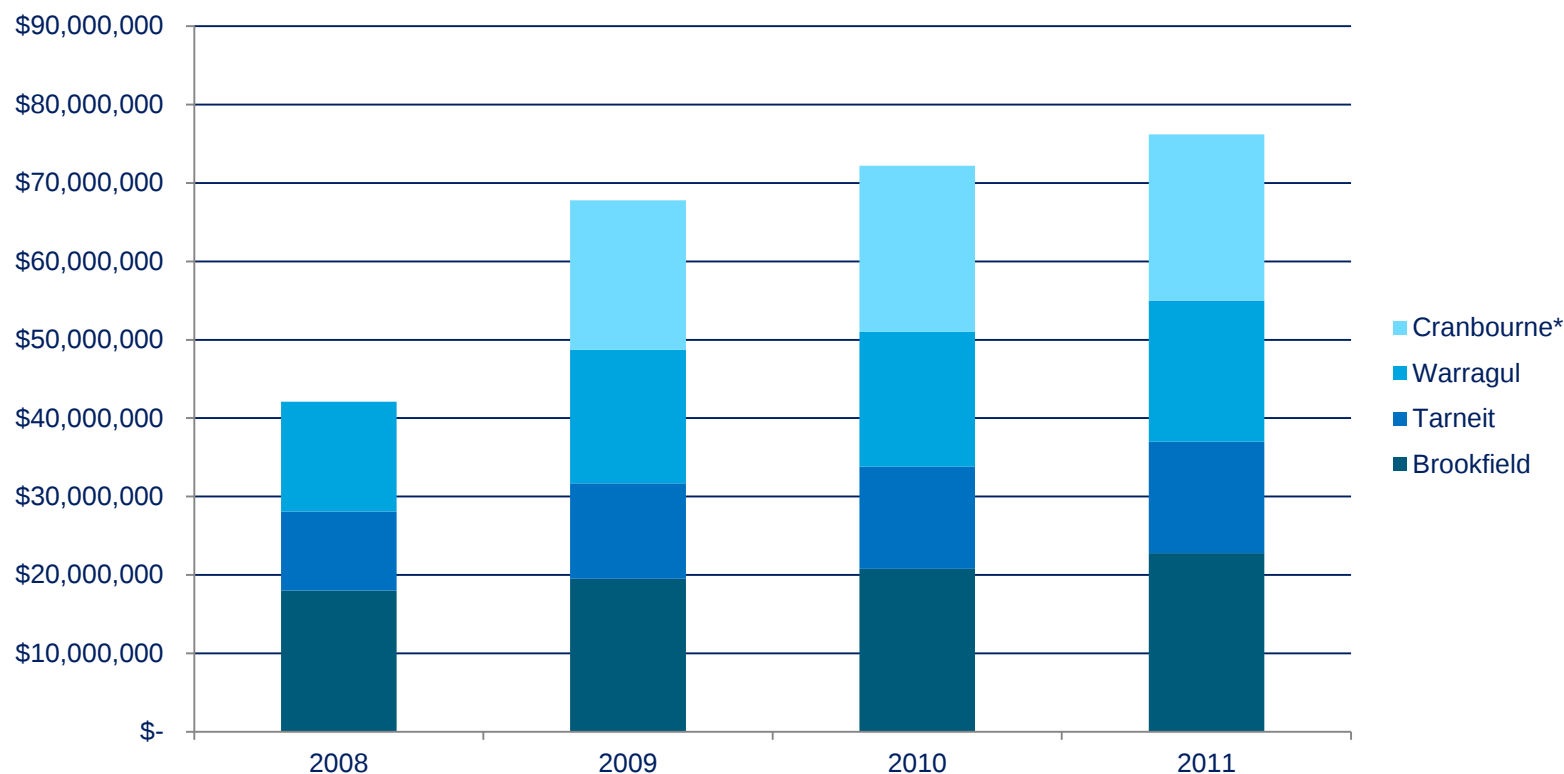
* Represents 100% of the development of which LIC will share 50%

Data correct as at 17 August 2011



Current Status

Current Villages - projected on completion valuations



*Represents 100% of the on completion value of which Lifestyle Communities will own 50%.

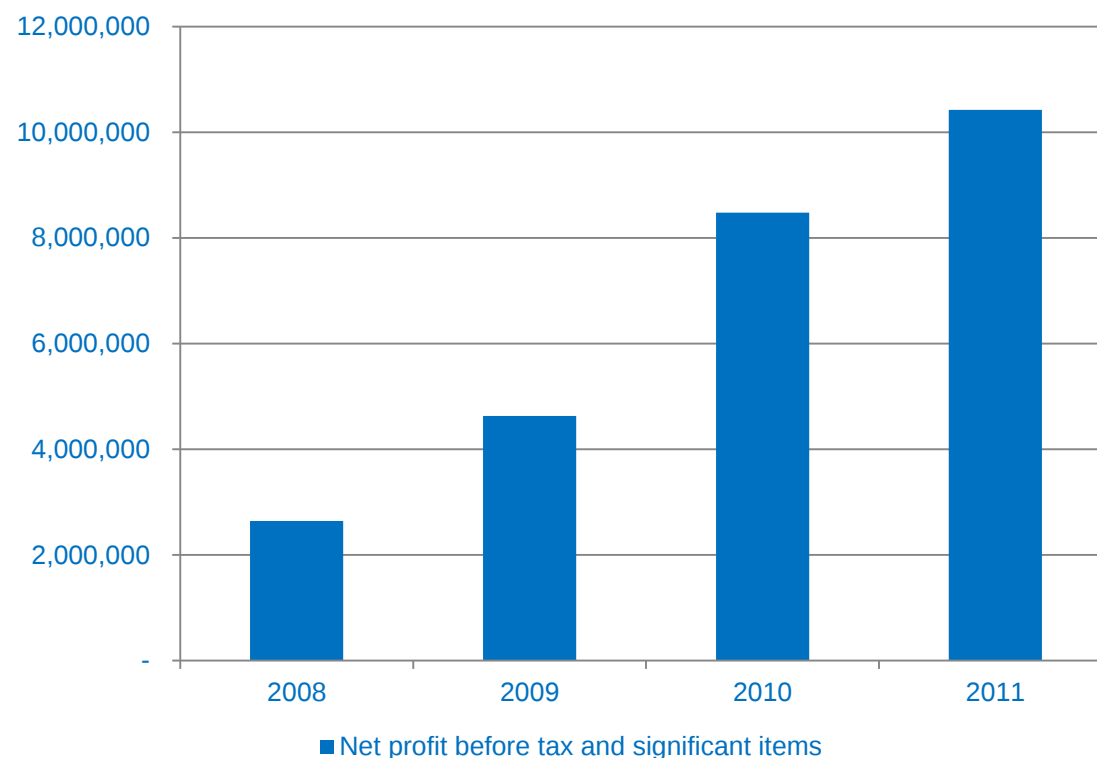
The on-completion values represented above are based on external valuations provided by M3 Property Consultants. The most recent valuations for Brookfield, Tarneit and Warragul were performed in May 2011. The most recent valuation for Cranbourne was performed in July 2010.



Outlook

- Received 22 settlements YTD for FY2012
- The current committed sales bank (as of 12th August) is 144 (representing over \$32m of committed revenue), of this 85 commitments are contracted and awaiting settlement
- Based on the above there is a forecast increase in revenue for FY2012
- The loan note facility has provided the means to target an asset accretive development forecast (refer next slide)

Net profit before tax and significant items





Outlook

Development forecast

Community	FY12				FY13				FY14				FY15				FY16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Brookfield (Melton)	■	■	■																	
Seasons (Tarneit)	■	■	■	■																
Warragul	■	■	■	■	■	■	■	■	■	■										
Cranbourne	■	■	■	■	■	■	■	■	■	■	■	■	■	■						
Shepparton				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Chelsea Heights				■	■	■	■	■	■	■	■	■								
Hastings						■	■	■	■	■	■	■	■	■	■	■	■	■		
Drouin										■	■	■	■	■	■	■	■	■	■	■

The above timescale reflects current forecasts of the settlement period relating to developments.



Summary

- FY2011 key financial highlights:
 - Gross revenue \$28.0 (FY2010: \$23.9m)
 - Net profit before tax \$10.4m (FY2010: \$8.5m)
 - Net tangible assets \$36.1m (FY2010: \$29.1m)
- Status of existing communities (correct at 17 August 2011):
 - Brookfield: 100% of sites sold
 - Tarneit: 99% of sites sold
 - Warragul: 63% of sites sold
 - Cranbourne: 78% of stages 1, 2 & 3 sold
 - Shepparton: 10 commitments received in pre-development phase



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