



Results Presentation
Year ended 30 June 2012



- 1. Financial Results**
- 2. Market Conditions and Opportunity**
- 3. Business Model**
- 4. Current Status**
- 5. Outlook**



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



Section 1

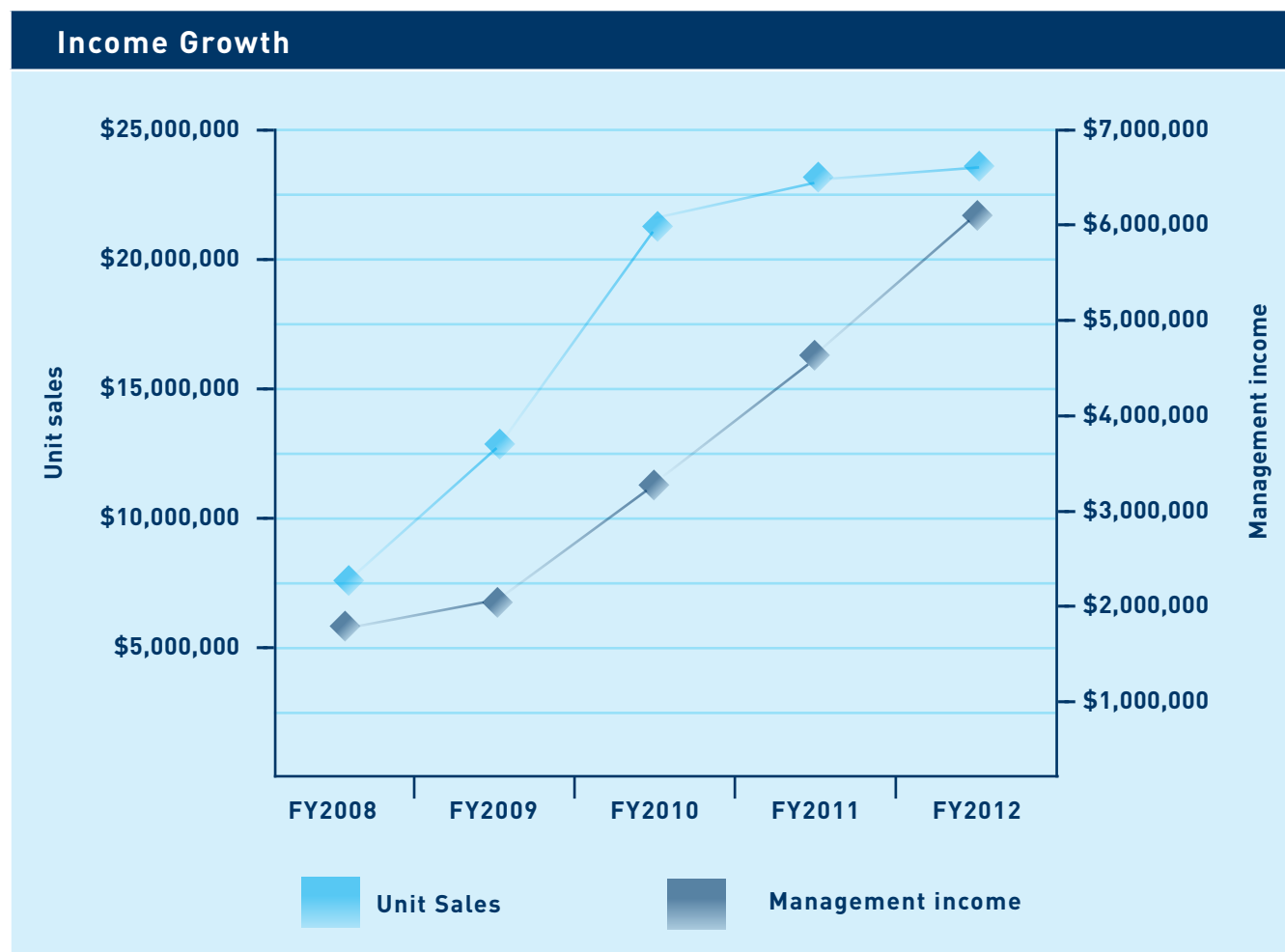
FINANCIAL RESULTS



1.1 HIGHLIGHTS



- EBIT: \$11.4m
- Net profit before tax: \$8.9m
- Net profit after (current) tax: \$8.9m[^]
- Net profit after tax: \$6.0m
 - Included in profit is \$0.5m pre-tax of expenses written-off relating to holding and purchase costs of new communities pre-development. This expense will be recouped as the communities are developed
 - Finance costs of \$2.8m (up from \$1.0m prior year). The increase is due to the loan note facility executed in May 2011. Funds have been partly utilised on new community developments that are yet to contribute to profit
- Dividend: 0.5 cents per share (fully franked)
- Gross revenues: \$31.1m (up from \$28.0m in the previous financial year)
- Gross management revenues: \$6.0m (up from \$4.4m in the previous financial year)
- Net asset growth of \$4.0m from 30 June 2011. Net assets now over \$40m



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

1.2 PROFIT & LOSS



Profit & Loss highlights	FY2012 (\$'000)	FY2011 (\$'000)	% Movement
Revenue			
Unit sales	22,835	22,697	+1%
Management income	6,027	4,421	+36%
Finance costs	(2,764)	(1,042)	+165%
EBIT	11,441	11,497	-0.5%
Net profit before tax	8,877	10,422	-15%
Net profit after (current) tax[^]	8,877	10,422	-15%
Earnings per share (based on net profit after [current] tax [cents])	1.92	2.25	-15%
Net profit after tax	6,048	6,824	-11%
Earnings per share (cents)	1.31	1.47	-11%

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

1.3 BALANCE SHEET



Balance sheet highlights	FY2012 (\$'000)	FY2011 (\$'000)
Investment properties	65,781	54,982
Total assets	105,408	92,821
Bank borrowings (current)	-	(2,334)
Bank borrowings (non-current)	(10,518)	-
Long-term loan note borrowings (non-current)	(40,658)	(37,170)
Loan to value ratio	48.6%	42.6%
Total liabilities	(65,272)	(56,701)
Dividend paid	(2,310)	-
Net assets	40,135	36,121
NTA per share	8.7 cents	7.8 cents
NTA per share (excluding deferred tax liability relating to investment properties)^	10.7 cents	9.4 cents

^ Deferred tax liabilities in relation to investment properties will only be realised upon the disposal of the community assets

1.4 CASH FLOW



Cash flow highlights	FY2012 (\$'000)	FY2011 (\$'000)
Receipts from customers	31,583	29,301
Payments to suppliers and employees^	(33,756)	(27,480)
Net interest payments	(4,947)	(659)
Cash flows from operations	(7,120)	1,163
Project capital expenditure (civil and facilities infrastructure)	12,618	2,298
Cash flow from operations (excluding project capital expenditure)	5,498	3,461

^ Due to Lifestyle Communities accounting policies and legal structure, payments to suppliers and employees includes all gross costs of infrastructure construction (i.e. civil works, clubhouse and other facilities). If structured alternatively these costs would form part of investing cash flows. Therefore cash flows from operations will be negatively impacted when Lifestyle Communities is in the cash intensive development phase of a community.

To assist with further understanding our cash flows, please refer to the following slide for a detailed break-down of development and management cash flows per community for FY2012.

1.5 SUPPLEMENTARY CASH FLOW ANALYSIS



Supplementary Cash Flow Analysis for FY2012	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Total
Total Number of Homes	228	136	182	217	217	105	141	1,226
Settled FY2012	9	28	20	72	5	–	–	134
Capital Cash Flows (\$million)								
Land	–	–	–	–	–	(3.18)	(7.01)	(10.19)
Development Expenditure (development and sales)	(0.24)	(0.32)	(1.41)	(4.71)	(5.85)	(0.61)	(0.06)	(13.20)
Home Construction	(0.12)	(1.22)	(3.54)	(5.11)	(2.12)	(0.02)	–	(12.13)
Home Settlements	1.87	6.60	4.60	8.82	0.93	–	–	22.83
Net Development Cash Flows	1.51	5.05	(0.35)	(0.99)	(7.04)	(3.81)	(7.07)	(12.69)
Annuity Cash Flows (\$million)								
Site Rentals	1.66	0.92	0.81	0.25	–	–	–	3.64
Deferred Management Fees Received	0.29	0.03	0.15	–	–	–	–	0.47
Community Operating Costs	(0.57)	(0.50)	(0.31)	(0.22)	–	–	–	(1.60)
Joint Venture Fees	–	–	–	(0.04)	–	–	–	(0.04)
Utilities received	0.25	0.14	0.13	0.05	–	–	–	0.58
Utilities expenses	(0.21)	(0.13)	(0.12)	(0.07)	–	–	–	(0.53)
Net Annuity Cash Flows	1.43	0.46	0.67	(0.02)	–	–	–	2.53
Total Capital and Annuity Cash Flows	2.94	5.51	0.32	(1.01)	(7.04)	(3.81)	(7.07)	(10.16)
Head Office Costs								(2.95)
Net Operating Cash Flows								(13.12)
<i>Reconciliation to statutory cash flows</i>								
Less – Interest								(4.95)
Add – Land (investing cash flow)								10.19
Add – Movement in inventory and creditors								0.75
Statutory Cash Flows from Operations								(7.12)

1.6 DIVIDEND



- Dividend declared on 20 August 2012:
 - 0.5 cents per share (fully franked)
 - Record date: 7 September 2012
 - Payment date: 26 October 2012
- The Company has recently announced a Dividend Reinvestment Plan (DRP) that is applicable to this dividend
- Shareholders that elect to participate in the DRP will receive a 5% discount on any shares allotted as a result of this dividend
- Closing date for the DRP is 14 September 2012
- The founding directors (James Kelly, Bruce Carter and Dael Perlov) has indicated that they will be participating in the DRP

1.7 LOAN NOTES



As a result of executing the 10 year^ \$50m loan note facility in May 2011, Lifestyle Communities has been able to acquire land and commence development of new communities.

The funding facility has enabled Lifestyle Communities to:

- Commence construction at Lifestyle Shepparton and welcome our first homeowners in June 2012;
- Purchase a 50% interest in land at Chelsea Heights and commence construction of the community in April 2012. The first homeowners are anticipated to settle in December 2012;
- Purchase land at Hastings with construction of the community scheduled to commence in late 2012.

The loan note facility replaced short-term bank debt therefore extending the maturity profile of the company's debt.



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



Section 2

MARKET CONDITIONS AND OPPORTUNITY





Demographic changes are driving an increase in the size of the potential market

The big housing market themes include: Affordability

- The median net worth of a single person over the age of 65 is approx. \$380,000
- 77% of single people [over 65] rely on pensions as their primary source of income
- Median superannuation savings of a single person over 65 is \$13,400

The ageing population

- The number of people aged over 65 is projected to double between 2005 and 2021, and then double again by 2051
- Within a generation, 1/3 of Australians are going to be aged over 55 and close to 1/4 will be over 65
- Between 2001 and 2011 Victoria's over 55 population grew by 30%, compared to a total population increase of 15%

Ageing in place

- Due to cost pressures, shortages of beds and government policies, ageing in place is a theme that will become more prevalent over the coming years
- This is anticipated to result in additional government initiatives to assist people stay in their primary residence for longer

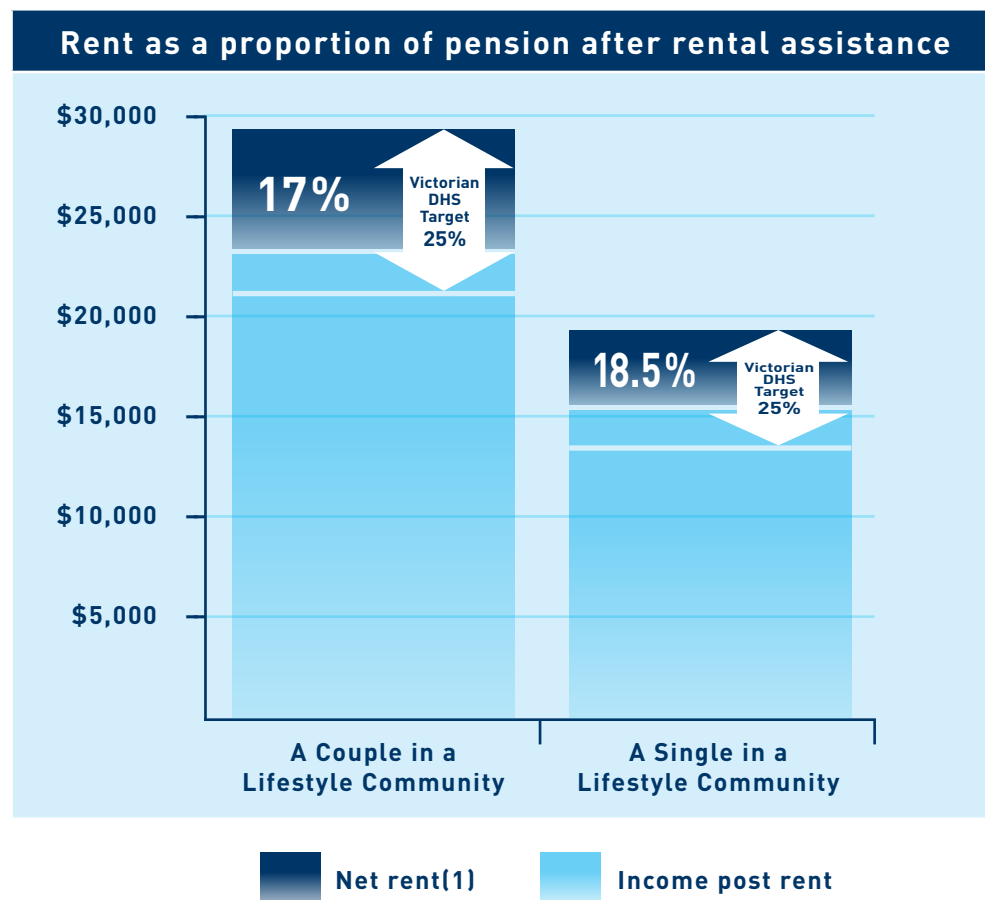


The Lifestyle Communities market offering directly addresses these key market themes

Source: ABS 2010/2011



The Lifestyle Communities business model creates a long-term sustainable financial solution for homeowners



- Lifestyle Communities' homeowners on the pension are paying approximately:
 - 19% of their pension as rental (for singles) after rental assistance
 - 17% of their pension as rental (for couples) after rental assistance
- The target for renters in public housing is to pay no more than 25% of their pension as rental
- The State Government test for affordability is for renters to pay no more than 33% of their income as rental or housing costs

Notes: (1) Net Rent is Rent net of Federal Government Rental Assistance

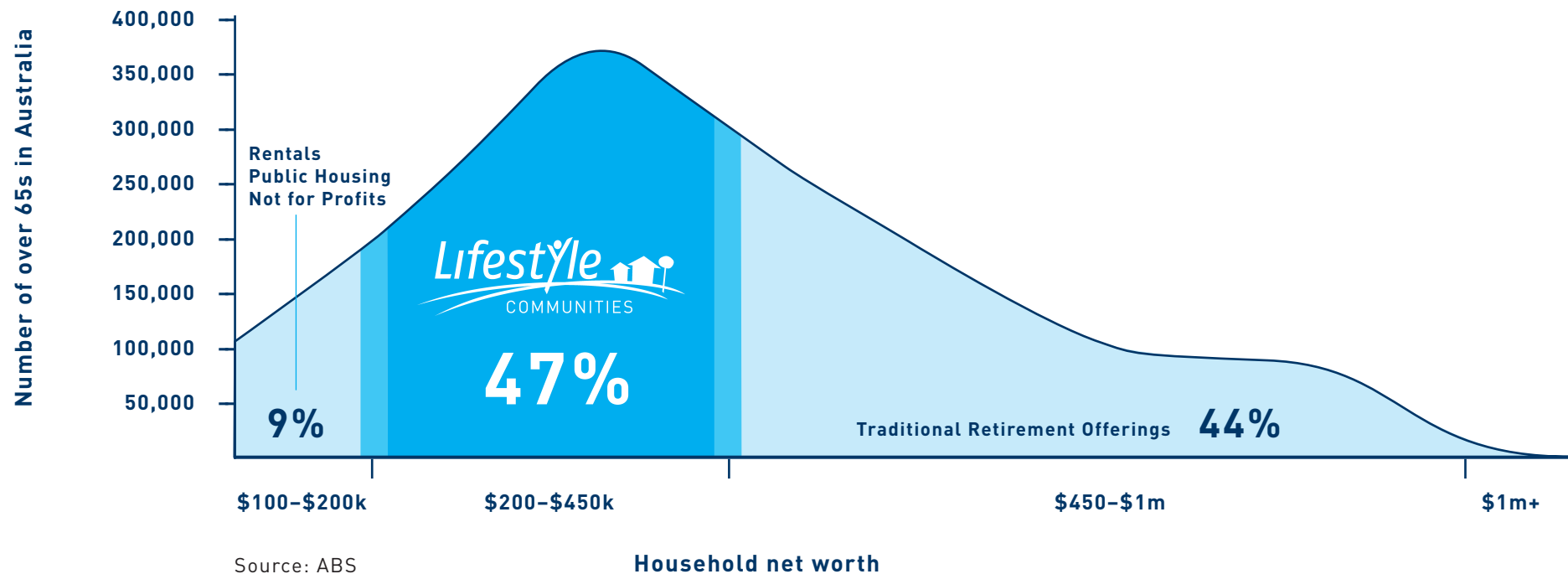
Source: Australian Government Centrelink Website, May 2012

Victorian Government Department of Human Services Website, May 2012

2.3 MARKET SIZE



It is estimated that the state of Victoria has over 355,000 people aged over 65 who fall within the Lifestyle Communities target wealth bracket⁽¹⁾

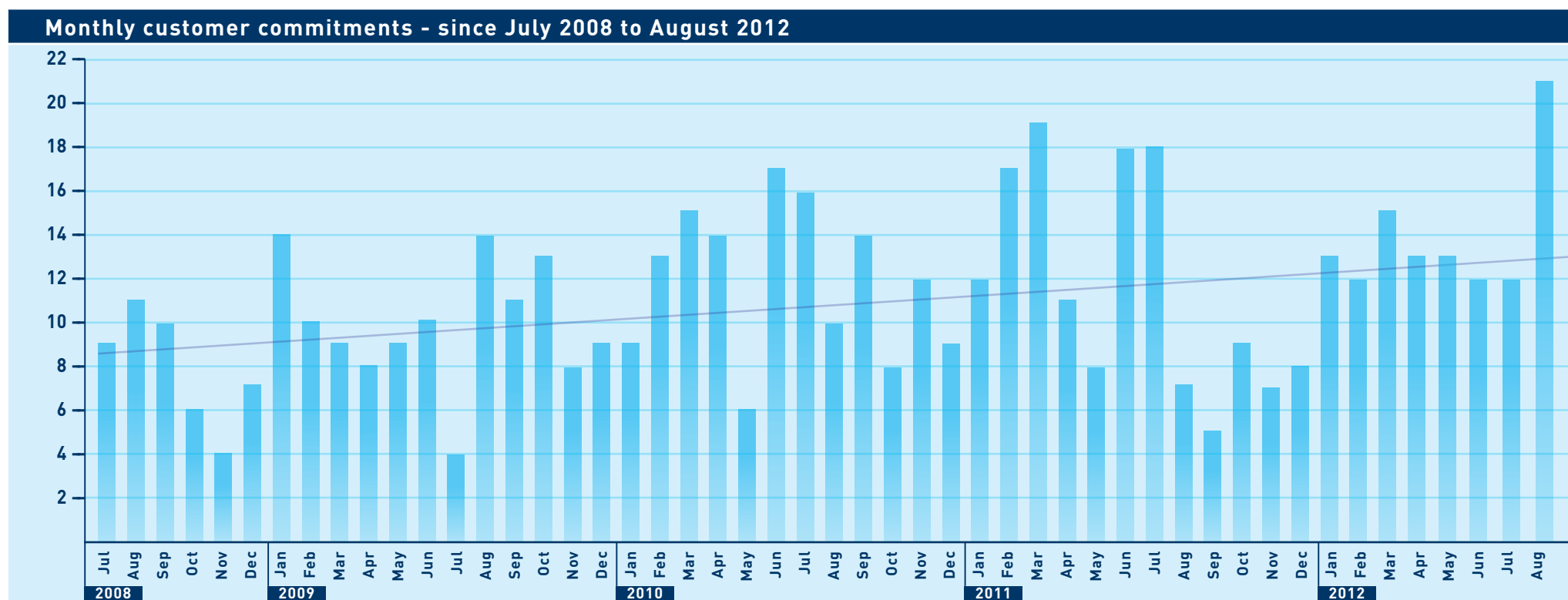


Notes: [1] As at June 2010



Sales rates improved in 2HFY2012, with an increasing level of enquiry

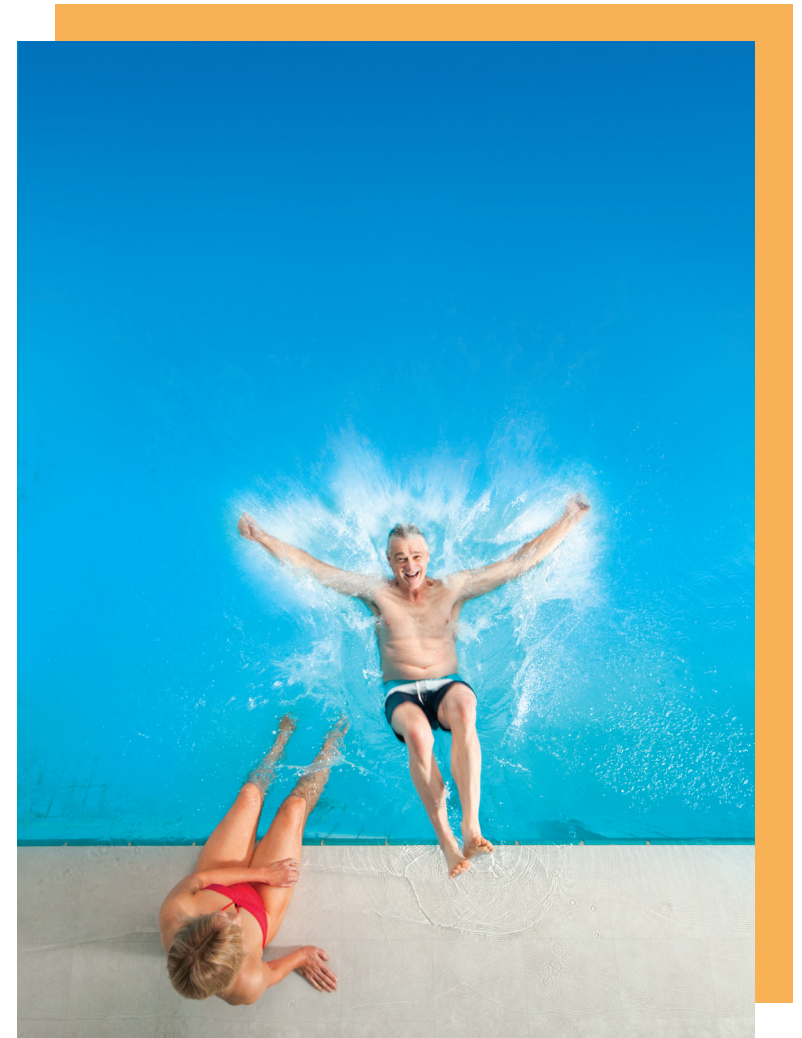
- Affordability continues to be a key driver of enquiry
- Sales rates have rebounded in 2HFY2012 after an unusually quiet period in Aug-Dec 2011 at particular sites
- Overall market conditions appear to have improved during the second half
- Residential property demand remains positive in Cranbourne and pre-sales enquiries at Hastings and Chelsea Heights have led to those communities being greater than 10% and 35% sold respectively
- Enquiry rates have rebounded at Warragul
 - There was some evidence of longer timeframes for residents to sell their existing houses in the primary and secondary catchment areas around Warragul, although settlement rates are now improving





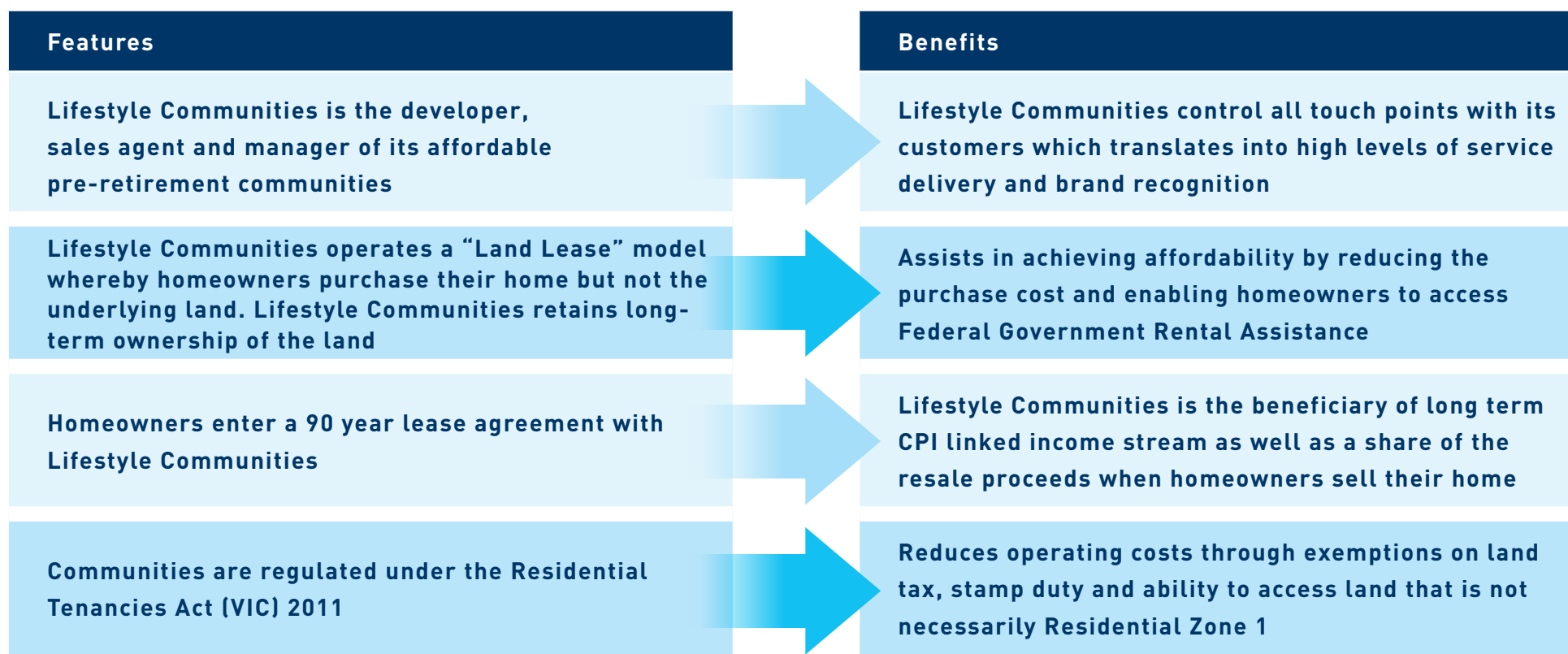
Section 3

BUSINESS MODEL





Lifestyle Communities has a strongly differentiated business model that produces long term CPI indexed annuity streams for its investors



3.2 ANNUITY STREAMS



The level of annuity income increases with each new home settlement

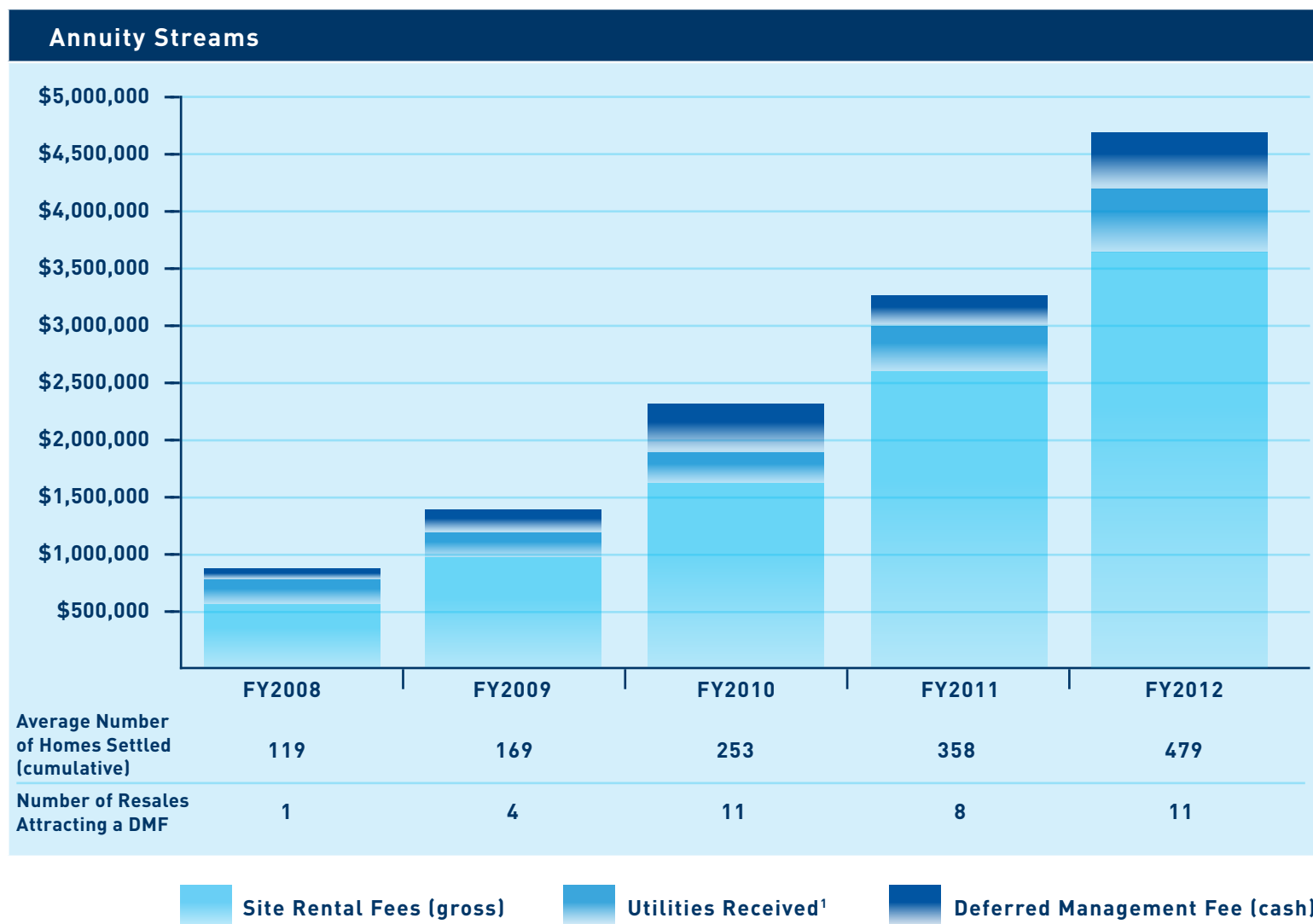
There are 2 components to the Annuity Stream:

1. Site Rental Fee

- Approximately \$160.00 per week per home
- Indexed at the greater of CPI or 3.5% p.a.

2. Deferred Management Fee

- Calculated as a scaled percentage of the re-sale price
- Scaling is a function of tenure, and is capped at 20% of the re-sale price after 5 years of ownership
- In established communities, approximately 10% of homes are estimated to re-sell in any given year

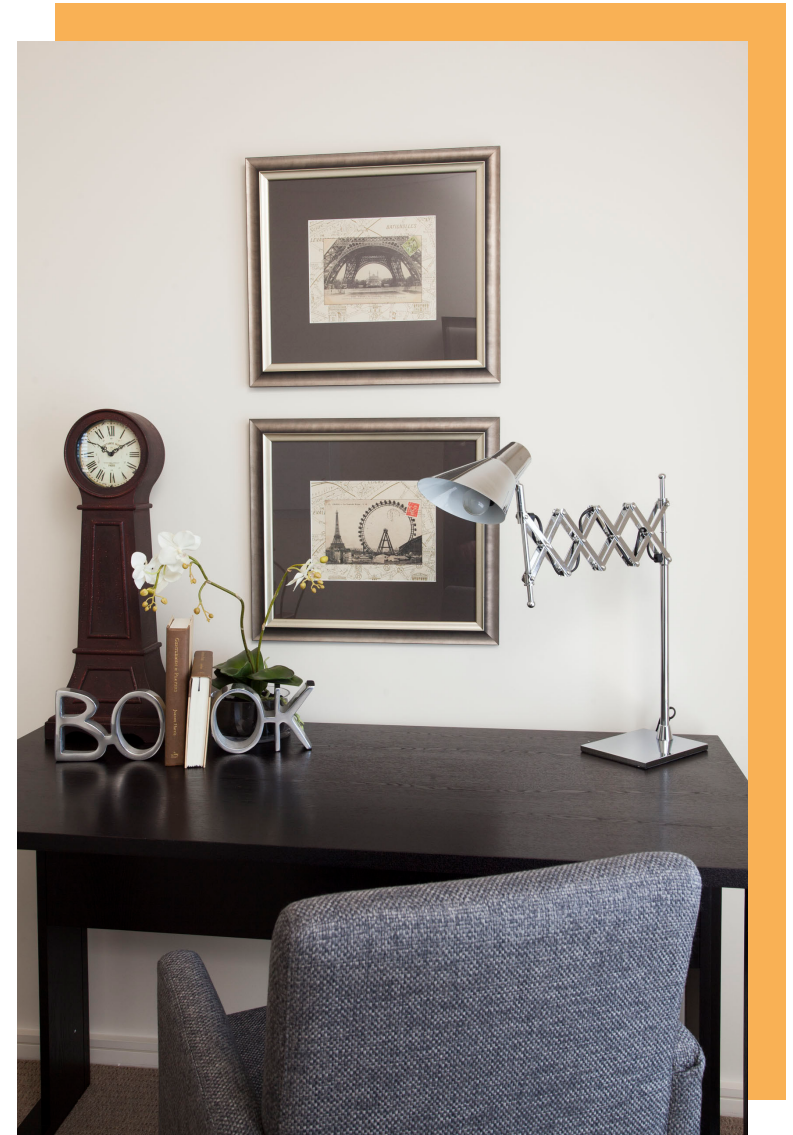


Notes: (1) Lifestyle Communities purchases electricity and water on a wholesale basis and on charges these services to residents; this revenue is essentially a cost recovery charge and in the statutory accounts this revenue is grouped with site rental fees



Section 4

CURRENT STATUS



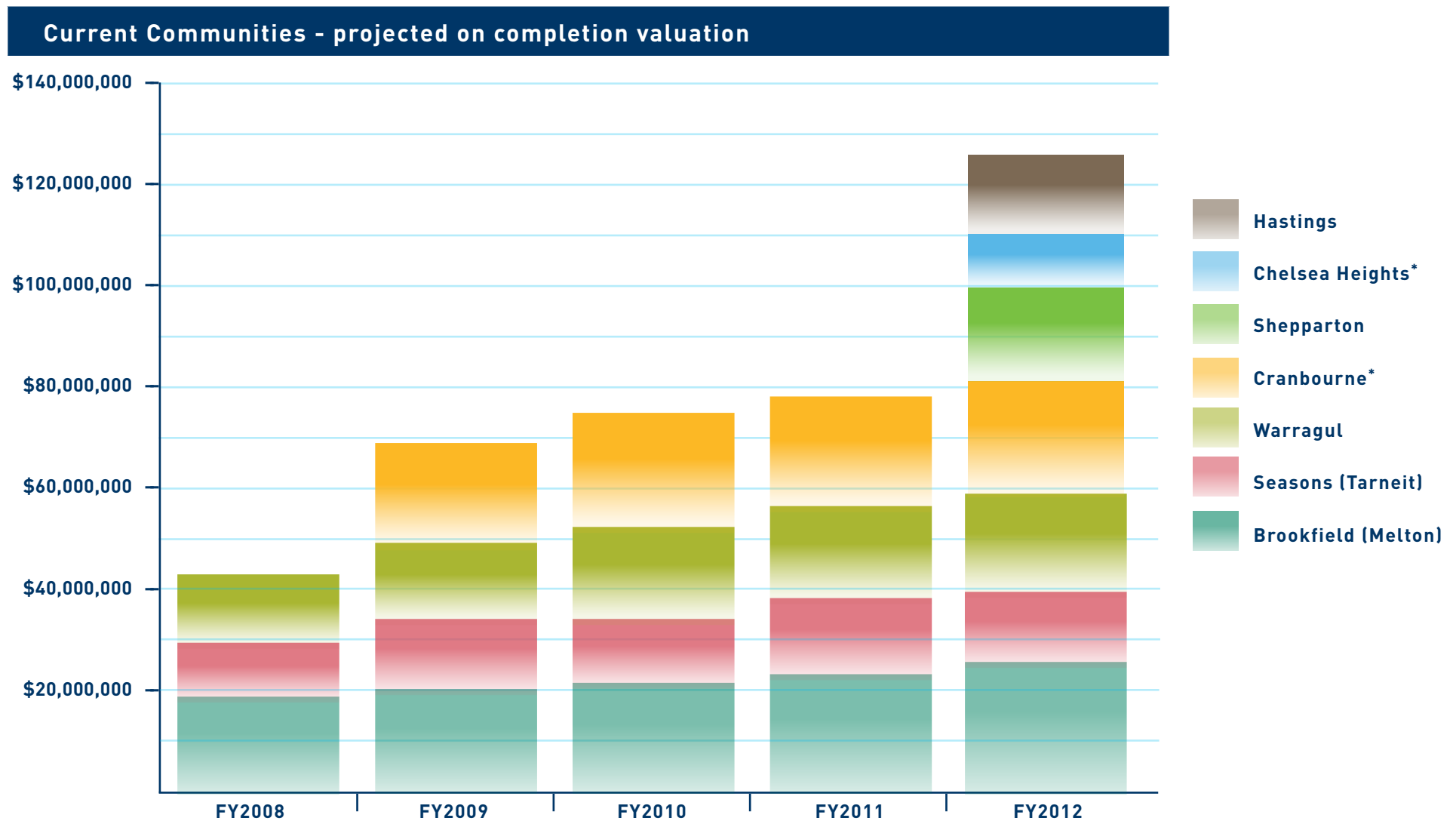
4.1 CURRENT STATUS



COMMUNITY PORTFOLIO					
Communities	Sites	Sites sold and occupied	Sites sold and yet to be settled	Sites sold, occupied and yet to be settled	
				#	%
 Brookfield (Melton)	228	226	1	227	99
 Seasons (Tarneit)	136	127	7	134	99
 Warragul	182	111	22	133	73
 Cranbourne[^]	217	92	40	132	61
 Shepparton	217	9	26	35	16
 Chelsea Heights[^]	105	–	38	38	36
 Hastings[^]	141	–	19	19	13
Total sites	1,226	565	153	718	59

[^] Represents 100% of the development of which LIC will share 50%
Data correct as at 14 September 2012

4.1 CURRENT STATUS (CONT.)



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

The co-completion values represented above are based on external valuations provided by M3 Property Consultants. The most recent valuations for Brookfield, Tarneit, Warragul and Cranbourne were performed in May 2012. The most recent valuation for Shepparton was performed in August 2011. The most recent valuation for Chelsea Heights and Hastings were performed in September 2011.

4.1 SUPPLEMENTARY INVESTMENT PROPERTY ANALYSIS



Community Valuation Summary									
	30 June 2012			Investment properties per financials 30 June 2012			On-completion independent valuations		
	Total homes	Homes occupied	Investment properties at cost ¹ (\$m)	At fair value (\$m)	+ DMF asset ² (\$m)	Total fair value (\$m)	Rental component (\$m)	DMF component (\$m)	Total (\$m)
Mature Communities									
Brookfield	228	226	6.83	20.67	2.55	23.21	15.90	8.50	24.40
Tarneit	136	126	3.68	12.63	1.07	13.70	9.60	5.10	14.70
Communities under development									
Warragul	182	109	2.45	11.71	0.89	12.59	13.00	6.20	19.20
Cranbourne [^]	217	80	3.87	6.84	0.29	7.13	15.30	7.60	22.90
Shepparton	217	5	3.16	3.57	0.01	3.58	14.20	4.30	18.50
Chelsea Heights [^]	105	-	3.36	3.36	-	3.36	6.63	4.62	11.25
Hastings	141	-	7.01	7.01	-	7.01	9.35	5.72	15.07
Total	1,226	546	30.37	65.78	4.80	70.58	83.98	42.04	126.02

[^] Represents 100% of the development of which LIC will share 50%

¹ Cost includes land value, land holding costs and for Brookfield, Tarneit and Warragul civils retained by LIC under home purchase agreements entered into prior to 1 January 2009

² Deferred Management Fee asset sits separate from investment properties in the balance sheet but forms part of the total investment property carrying value

4.1 SUPPLEMENTARY INVESTMENT PROPERTY ANALYSIS



Community Valuation Metrics					
	Rental Metrics (extracts from valuations)		DMF metrics (extracts from valuations)		
	Rental cap. rate	Net rental per home	DMF discount rate	DMF terminal cap. rate	Average sale value (GST excl.)
Mature Communities					
Brookfield	8.5%	5,931	13%	10%	208,399
Tarneit	8.5%	6,001	13%	10%	242,211
Communities under development					
Warragul	8.5%	6,082	13%	10%	223,815
Cranbourne^	8.5%	5,991	13.5%	10%	261,629
Shepparton	9%	5,770	14%	10%	182,752
Chelsea Heights^	9%	5,630	14%	10.5%	283,405
Hastings^	9%	5,924	14%	10.5%	230,110

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

Valuer's Rental calculation methodology: capitalisation rate on annual rental income

Valuer's DMF calculation methodology: NPV of 20 year cash flows with terminal value at year 21



Section 5

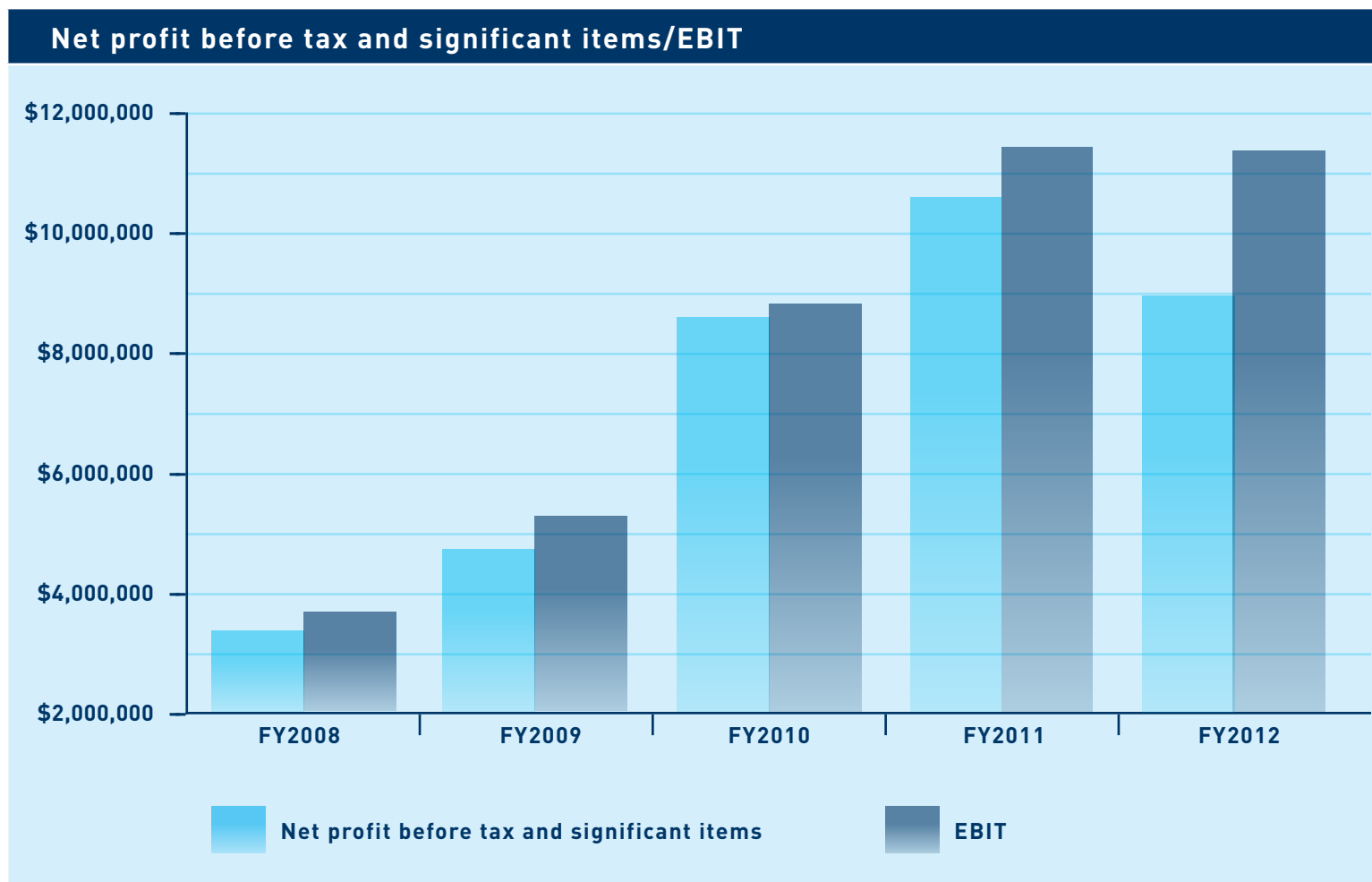
OUTLOOK



5.1 OUTLOOK



- The current committed sales bank (as of 14 September 2012) is 153 (representing over \$36m of committed revenue); this compares to a sales bank of 112 as at 31 December 2011.
- 78 net customer commitments were received between January and June 2012. This is historically a strong leading indicator to future settlements, although 25 commitments relate to Chelsea Heights and Hastings. These communities are not anticipated to provide settlements until 2QFY2013 and FY2014 respectively.
- FY13 will see a full year of settlements from our newest community, Lifestyle Shepparton. Lifestyle Chelsea Heights will also welcome its first homeowners on or around December 2012.
- Construction will commence at Lifestyle Hastings in late 2012; the first homeowners should settle early in FY2014.
- The sales rate has seen some improvement at our Warragul community in 2HFY2012 after a soft period in August-December 2011.
- Lifestyle Cranbourne continues to perform well with this community now over 61% sold and 42% settled.



5.2 EXPECTED SETTLEMENT PROFILE



Community	FY13				FY14				FY15				FY16			
	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																

The above timescale reflects current estimates of the settlement period for the existing developments. Settlement rates are a function of market conditions.



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LIFESTYLE SEASONS CLUBHOUSE AT DUSK





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