Lifestyle Communities

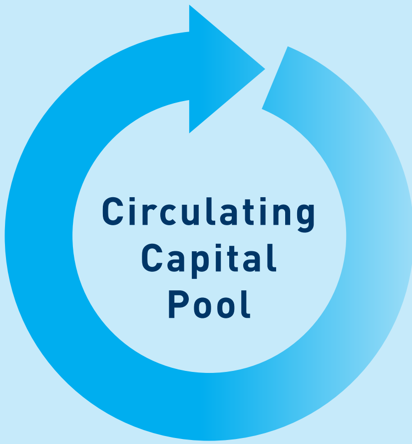
Results Presentation
Half-year ended 31 December 2012

EXECUTIVE SUMMARY

- Successful completion of the entitlement offer and placement:
  - Raised $36.5 million.
  - Strong institutional support.
  - Over 39% take-up from existing shareholders (excluding founders).
  - Leverage (or LVR) has reduced to 28%.
  - $15.9 million has been added to the capital pool.
- Annuities under management has grown to 614 (557 net of joint ventures) as at 31 December 2012 after the settlement of 68 new homes (51 net of joint ventures) during the half.
- 89 net customer commitments received in the half-year.
- Committed sales bank of 157 homes as at 31 December 2012 (representing over $37 million of committed revenue).
- Although net profit before tax was down half to half it is in line with budget expectations and it is expected that FY2013 profit will be higher than FY2012.

Statement of Financial Position	31.12.2012 ($'000)	30.06.2012 ($'000)
Cash and equivalents	16,669	3,185
Total Assets	126,408	105,408
Interest Bearing Liabilities	35,111	51,219
- Loan Notes	(25,000)	(41,850)
- Bank Debt	(10,111)	(9,369)
LVR%	28%	49%
Total Liabilities	49,243	65,272
Equity	77,165	40,135

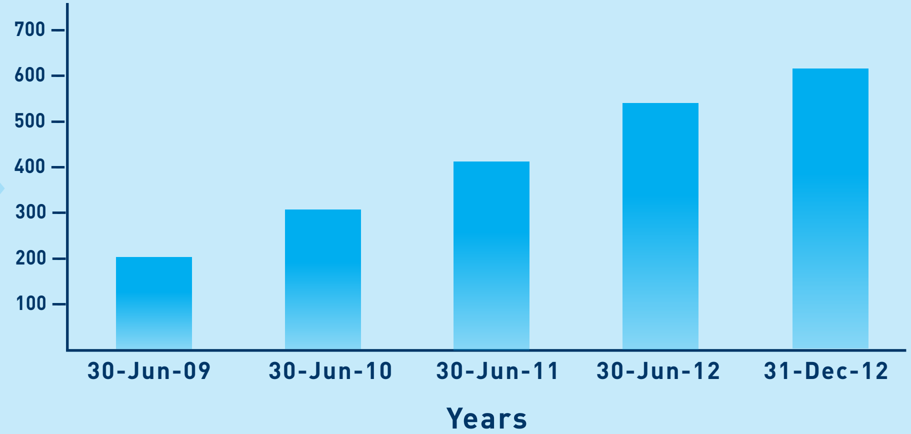
Development Business



Lifestyle Communities aims to recover 100% of its cash development costs from home sales

Community Management Business

Total homes under management



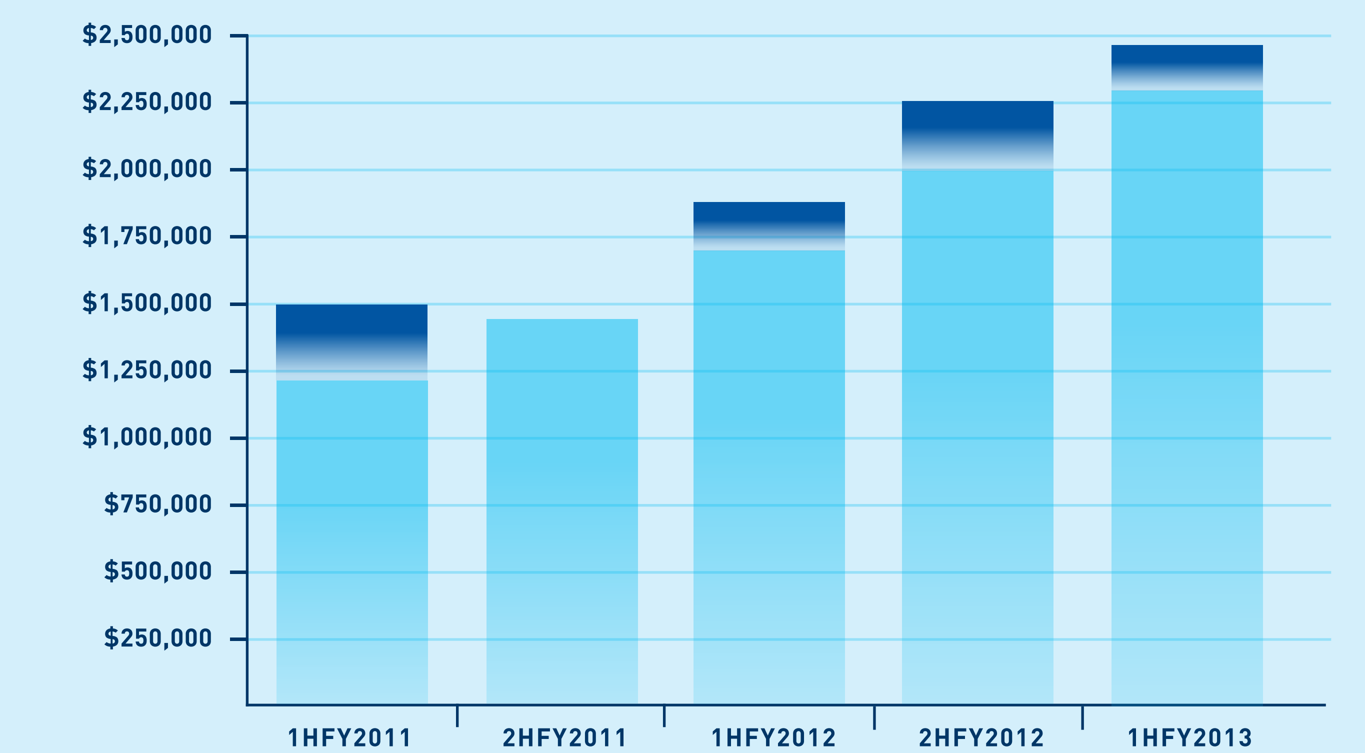
As at 31 December 2012

LIC's capital committed in pool as at 31 December 2012	$63 million[1]
LIC's capital committed in pool as at 30 June 2012	$48 million

Total annuities under management	614
LIC's economic interest after allowing for JV's	557

Note: (1) Refer page 9 for detailed break-up of the capital pool.

Annuity Income



	1HFY2011	2HFY2011	1HFY2012	2HFY2012	1HFY2013
Number of Homes Settled[1]	51	52	62.5	34.5	51
Total number of Homes Settled[1] (cumulative)	357	409	471.5	506	557
Number of Resales Attracting a DMF	8	-	6	5	4

Site Rental Fees (gross)   Deferred Management Fee (cash)

- 68 annuities added to the Community Management Business during the half-year (51 annuities net of joint ventures).
- Four existing home sales attracting DMF settled during the half-year. Four confirmed settlements for the second half with more expected.
- $2.4 million (gross) received from site rental and deferred management fees during the half-year compared to $1.8 million in the corresponding period last year.

Note: (1) Represents Lifestyle Communities' economic interest in the homes settled.

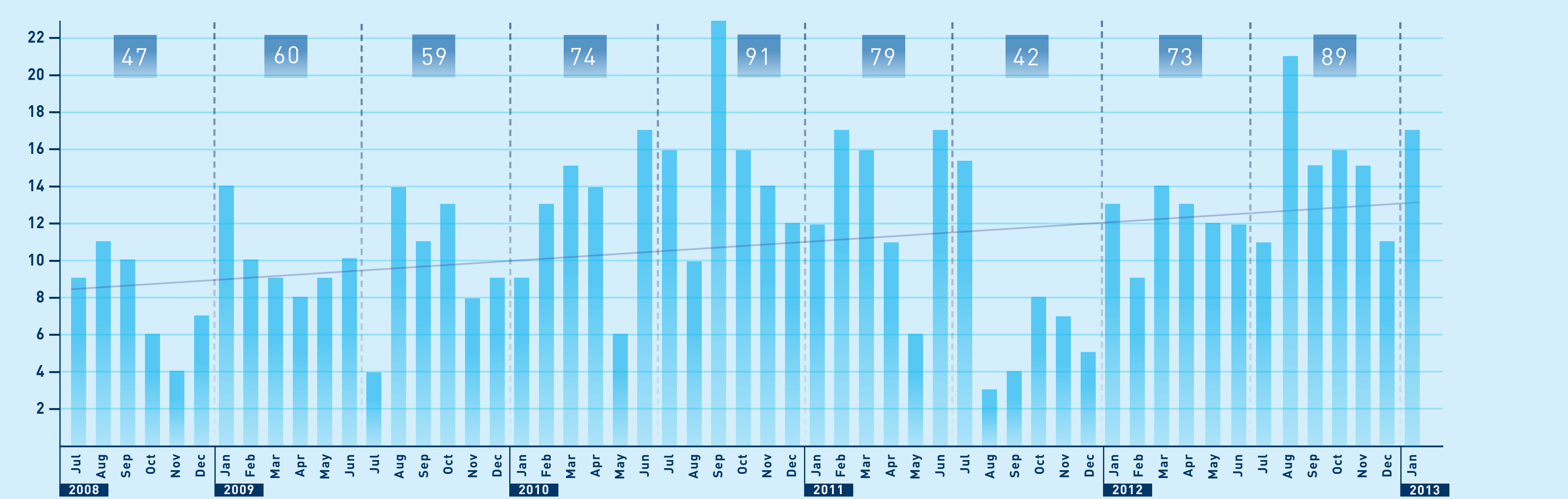
Sales Commitments

- Strong half of 89 sales commitments.
- Cranbourne and Chelsea Heights continue to out-perform.
- Warragul and Shepparton sales tracking to forecast.
- The current committed sales bank as of 31 December 2012 is 157 (representing over $37 million of committed revenue); this compares to a sales bank of 132 as at 30 June 2012.

Settlements

- Settlements of 68 for the half-year.
- 30 settlements at Cranbourne, 15 each at Warragul and Shepparton.
- First four settlements of Chelsea Heights occurred in December 2012.
- Historically, sales commitments have been a good predictor of future settlements.

Monthly customer commitments - since July 2008 to January 2013



Note: (1) The sales graph has been amended since the 22 November 2012 AGM Presentation to correct timing differences.

ASSETS, LIABILITIES AND EQUITY

Entitlement Offer and Placement

- $36.5 million raising settled on 21 December 2012.
- Cash costs of $1.2 million.
- Majority of take-up by Institutional Investors.
- Over 39% of existing shareholders (excluding founders) took up their rights.

Borrowings

- Repaid $16.8 million from the loan note facility, balance now $25.0 million.
- Repaid $2.6 million bank facility in relation to the Hastings land acquisition.
- Leverage (or LVR) has reduced to 28%.

Capital Pool

- $15.9 million added to the equity pool for the development of new communities and to provide a minimum liquidity buffer[1].

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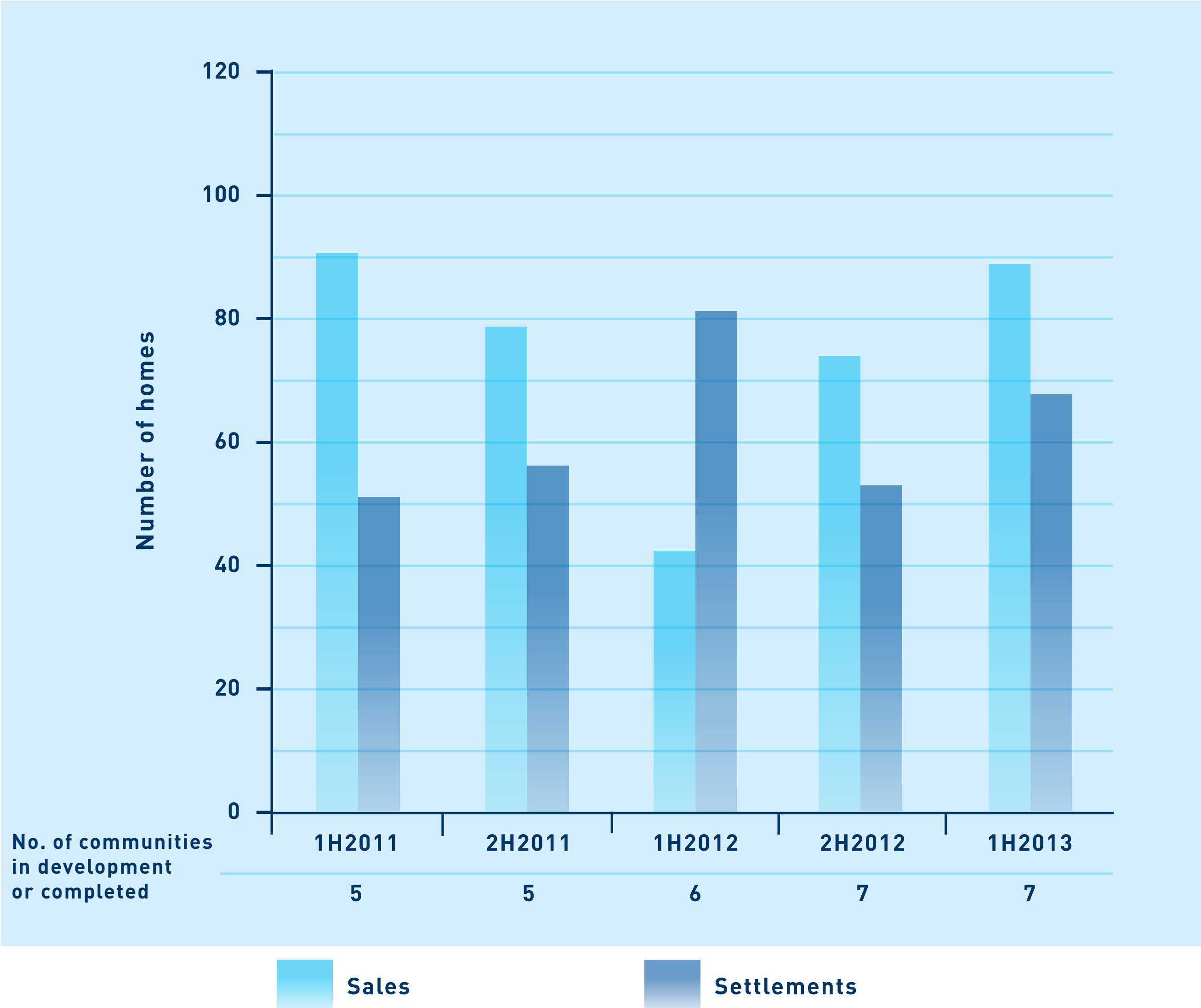
Cash and equivalents	16,669	3,185
Total Assets	126,408	105,408
Interest Bearing Liabilities	35,111	51,219
- Loan Notes	(25,000)	(41,850)
- Bank Debt	(10,111)	(9,369)
LVR%	28%	49%
Total Liabilities	49,243	65,272
Equity	77,165	40,135
Shares on issue	999,703,000	462,173,090

Notes: (1) The minimum liquidity buffer will be for the equivalent of 6 months fixed costs which for FY2013 will be approximately $4.0-$5.0m.

- Net profit before tax was $3.0 million compared with $5.9 million for the corresponding period last year. This result is in line with budget expectations.
- Revenue from new home sales $11.3 million compared to $14.5 million for the corresponding period last year.
- New home sales revenue from Shepparton and Chelsea Heights only partially offset the decline at Brookfield and Tarneit, which are essentially complete.
- Both revenue and profit impacted by the phasing of communities completing and new communities commencing, therefore impacting the number of homes available to settle.
- Incurred a one-off marketing re-branding expense of $0.58 million during the half to re-position the brand to the emerging baby-boomer market.



PORTFOLIO STATUS

Communities	Total sites in communities	Sites sold & occupied	Sites sold & awaiting settlement	Sites occupied and awaiting settlement	
				#	%
Existing Communities – Mature					
Melton	228	227	1	228	100%
Tarneit	136	129	7	136	100%
Existing Communities – In Development					
Warragul	182	124	19	143	79%
Cranbourne[1]	217	110	37	147	68%
Shepparton	221	20	27	47	21%
Chelsea Heights[1]	105	4	43	47	45%
Hastings	141	-	23[2]	23	16%
Total Sites	**1,230**	**614[3]**	**157[4]**	**771**	**63%**

Current as at 31 December 2012.

Notes: (1) Represents 100% of the development of which Lifestyle Communities will share 50%.
(2) First settlements expected in the second half of the 2013 calendar year.
(3) Currently collecting annuities on these sites.
(4) Represents sites in the sales bank awaiting settlement.

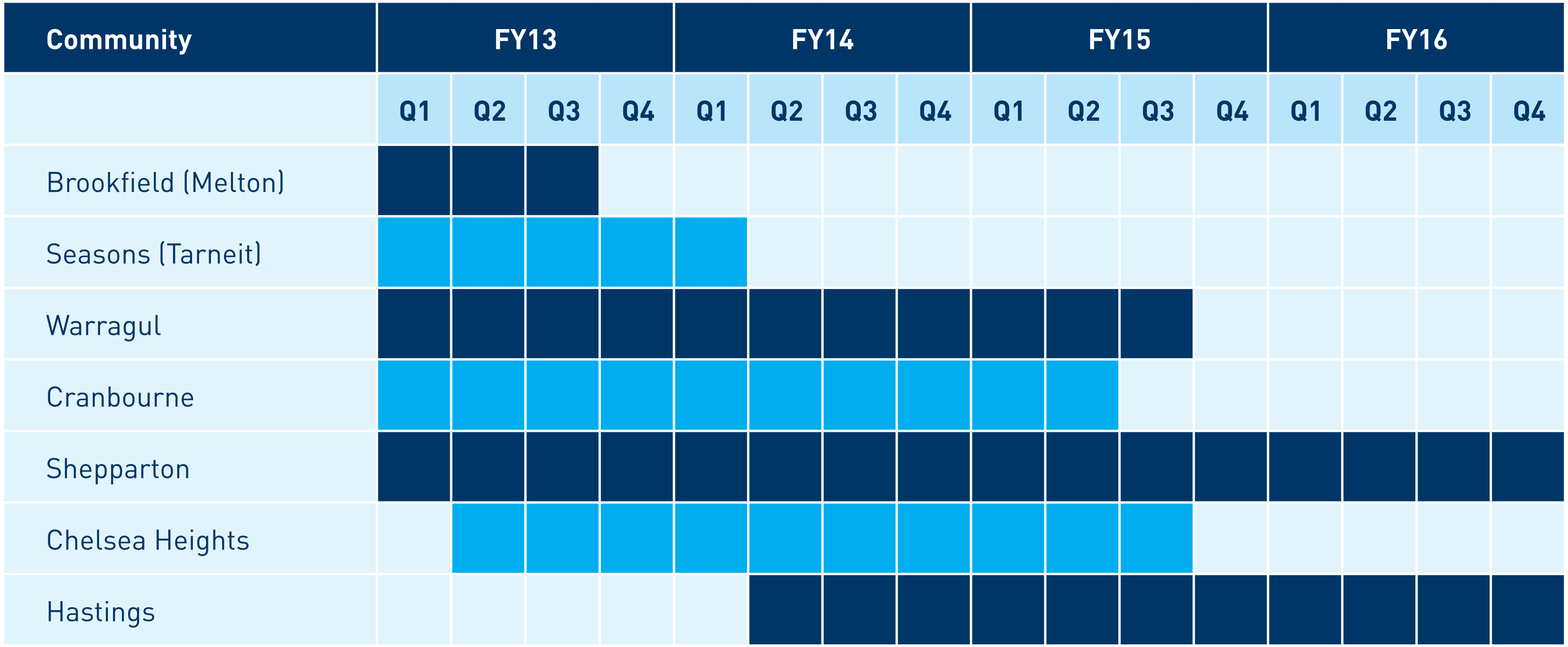
CASH FLOW ANALYSIS

Supplementary Cash Flow Analysis for 1HFY2013	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Uncommitted Capital	Total
Total Number of Homes	228	136	182	217	221	105	141		1,230
Settled 1HFY2013	1	3	15	30	15	4	–		68
Remaining homes and lots available to settle	1	7	58	107	201	101	141		616
Capital pool committed ($million)[1]	0.28	1.03	8.16	8.65	12.22	6.06	7.70	18.60	62.70
Capital Cash Flows ($million)									
Land	–	–	–	–	–	-	-		-
Development Expenditure (development and sales)	(0.11)	(0.16)	(0.48)	(0.56)	(2.34)	(1.96)	(0.29)		(5.90)
Home Construction	(0.05)	(0.03)	(0.19)	(1.82)	(2.75)	(1.11)	–		(5.95)
Home Settlements (incl. JV Development Fees)	0.14	0.67	3.27	4.03	2.65	0.55	–		11.31
Net Development Cash Flows	**(0.02)**	**0.48**	**2.60**	**1.65**	**(2.44)**	**(2.52)**	**(0.29)**		**(0.54)**
Annuity Cash Flows ($million)									
Site Rentals (incl. JV Management Fees)	0.88	0.52	0.47	0.46	0.03	–	–		2.36
Deferred Management Fees Received	0.13	-	0.02	–	–	–	–		0.15
Community Operating Costs[2]	(0.36)	(0.20)	(0.20)	(0.32)	(0.11)	(0.01)	–		(1.20)
Net Annuity Cash Flows	**0.65**	**0.32**	**0.29**	**0.14**	**(0.08)**	**(0.01)**	**–**		**1.31**
Total Capital and Annuity Cash Flows	**0.63**	**0.80**	**2.89**	**1.79**	**(2.52)**	**(2.53)**	**(0.29)**		**0.77**
Head Office Costs									1.65
Net Operating Cash Flows									**(0.88)**
Reconciliation to statutory cash flows									
Less – Interest									(2.99)
Add – Land (investing cash flow)									-
Add – Movement in inventory and creditors									(0.92)
Statutory Cash Flows from Operations ($million)									**(4.79)**

Notes: LIC's economic interest is 98 units after allowing for Joint Venture interests.
(1) The Capital Pool allocated to developments materially reflects inventory and undeveloped land.
(2) Includes one-off water costs of $0.17 million during the period.

OUTLOOK

- The current committed sales bank as of 31 December 2012 is 157 (representing over $37 million of committed revenue); this compares to a sales bank of 132 as at 30 June 2012.
- 89 net customer commitments were received between July and December 2012. This is historically a strong leading indicator to future settlements, although 10 commitments relate to Hastings. Hastings has commenced construction and is expected to provide settlements in the second half of the 2013 calendar year.
- Expect total number of settlements in the second half to exceed first half settlements.
- Anticipate that net profit before tax for FY2013 will be greater than the $8.9 million achieved in FY2012.
- The market for new site acquisition is favourable at present. Currently considering a range of opportunities but will remain highly disciplined in its assessment of these opportunities.



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

- Annuities under management has grown to 614 (557 net of joint ventures) as at 31 December 2013 after the settlement of 68 new homes (51 net of joint ventures) during the half.
- Although profit was down half to half it is in line with budget expectations and it is expected that FY2013 profit will be higher than FY2012.
- As a result of the successful completion of the entitlement offer and placement:
  - Leverage (or LVR) has reduced to 28%.
  - $15.9m has been added to the capital pool.

Lifestyle Communities is one of Australia's leading developers of affordable residential housing communities

Total Lots in Communities	
Mature communities	
Brookfield (Melton)	228
Tarneit	136
Currently in development	
Warragul	182
Cranbourne[1]	217
Shepparton	221
Chelsea Heights[1]	105
Hastings	141
TOTAL LOTS[2]	**1,230**

Current as at 31 December 2012.

Notes: (1) Represents 100% of the development of which Lifestyle Communities will have an economic interest in 50%.
(2) Lifestyle Communities will have an economic interest in 1,069 lots.

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