



Results Presentation
Year ended 30 June 2013



- 1. Executive Summary / Key Metrics**
- 2. Financial & Operational Results**
- 3. Market**
- 4. Business Model**
- 5. Outlook**
- 6. Summary**

Appendix

- A.1 Investment Property Analysis**
- A.2 Cash Flow Analysis**





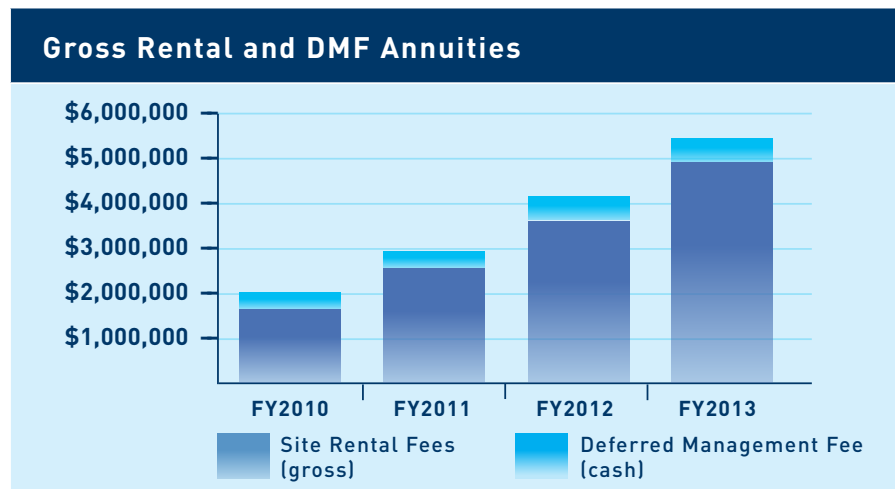
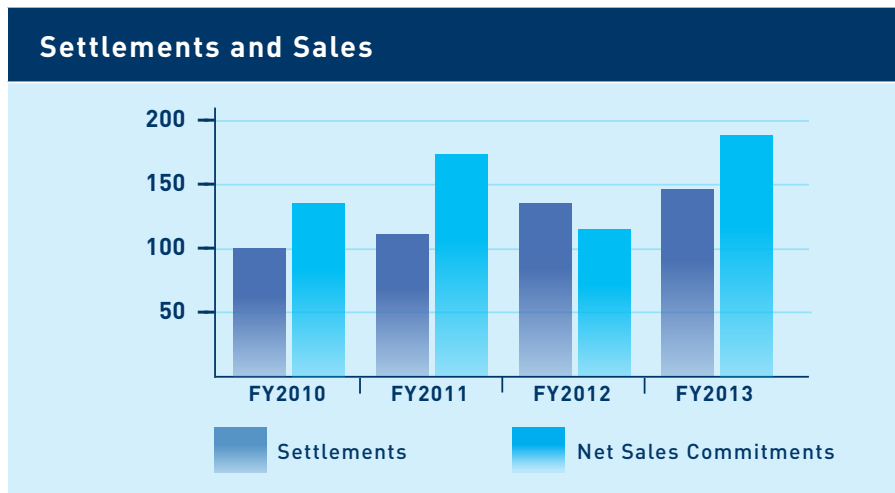
Lifestyle Communities made very good progress during FY2013

- Another strong year of settlements (149) and sales (190)⁽¹⁾
- 695 occupied home sites⁽¹⁾
- Entered into an agreement to expand Lifestyle Chelsea Heights and subsequent to year end purchased land at Wollert in Melbourne's north.⁽²⁾
- Over 1,000 homeowners⁽¹⁾
- Portfolio of 1,460 home sites^{(1) (3)}
- Completed \$35.3 million (net of costs) equity raising
- Reduced gearing to below 20%⁽⁴⁾



A proven business model that is structured for sustainable growth

- Notes:
- (1) Represents gross numbers not adjusted for joint venture interests
 - (2) Commencement of construction subject to planning approval and/or final contracts
 - (3) Settled, under development or subject to planning
 - (4) Calculated as a ratio of net debt to net debt plus equity



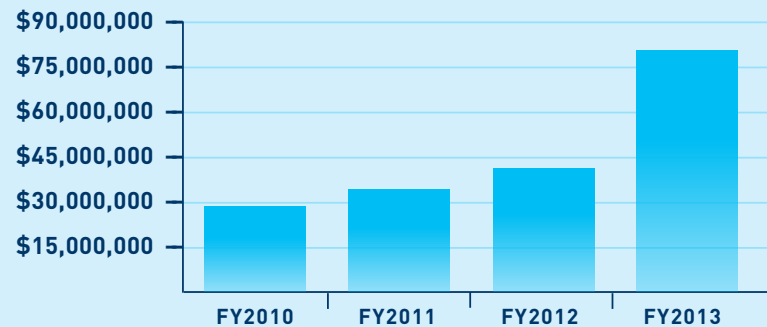
- Another strong year of settlements and sales
 - 149 home settlements in FY2013 compared to 134 in FY2012⁽¹⁾
 - 190 net sales commitments in FY2013 compared to 115 in FY2012⁽¹⁾
- Sales results across all communities met or exceeded expectations
- 695 homes (annuities) now completed and under management⁽¹⁾
- 1,460 total homes in the portfolio⁽²⁾
- Achieved 10 resale settlements in FY2013 compared to 11 in FY2012

Continued growth in rental income as portfolio builds

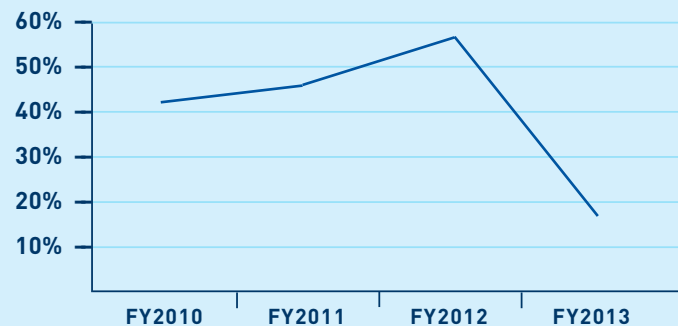
Notes: (1) Represents gross numbers not adjusted for joint venture interests
 (2) Settled, under development or subject to planning



Net Assets



Gearing



- Net assets \$81.4 million (at 30 June 2013) up from \$40.0 million (at 30 June 2012)
- Completed \$35.3 million (net of costs) entitlement offer and placement
- Repaid \$16.8 million from the loan note facility
- Gearing reduced to 17.9% (net debt to net debt plus equity)

Robust balance sheet with capacity to grow portfolio



Lifestyle Communities' portfolio of communities continues to grow

Communities	Total home sites in communities		Home sites sold & occupied	Home sites sold & awaiting settlement		Home sites occupied and awaiting settlement	
						#	%
Existing Communities – Mature							
Melton	228		228	-		228	100%
Tarneit	136		132	3		135	99%
Existing Communities – Selling and Settling							
Warragul	182		136	19		155	85%
Cranbourne ⁽¹⁾	217		135	28		163	75%
Shepparton	221		32	29		61	28%
Chelsea Heights ⁽¹⁾	105		32	52		84	80%
Hastings	141		-	36 ⁽⁵⁾		36	25%
New Communities - Awaiting Commencement							
Chelsea Heights Expansion ⁽²⁾	80		-	4		4	5%
Wollert ⁽²⁾	150		-	-		-	-
Total Home Sites ⁽³⁾	1,460		695 ⁽⁴⁾	171 ⁽⁶⁾		866	59%

Maintaining focus on Victoria's key corridors and regions

Notes: (1) Represents 100% of the development of which Lifestyle Communities will share 50%

(2) Commencement of construction subject to planning approval and/or final contracts

(3) Lifestyle Communities will have an economic interest in 1,259 home sites

(4) Currently collecting annuity income (rent and DMF income) on these sites

(5) First settlements expected in September 2013

(6) Represents sites in the sales bank awaiting settlement as at 30 June 2013



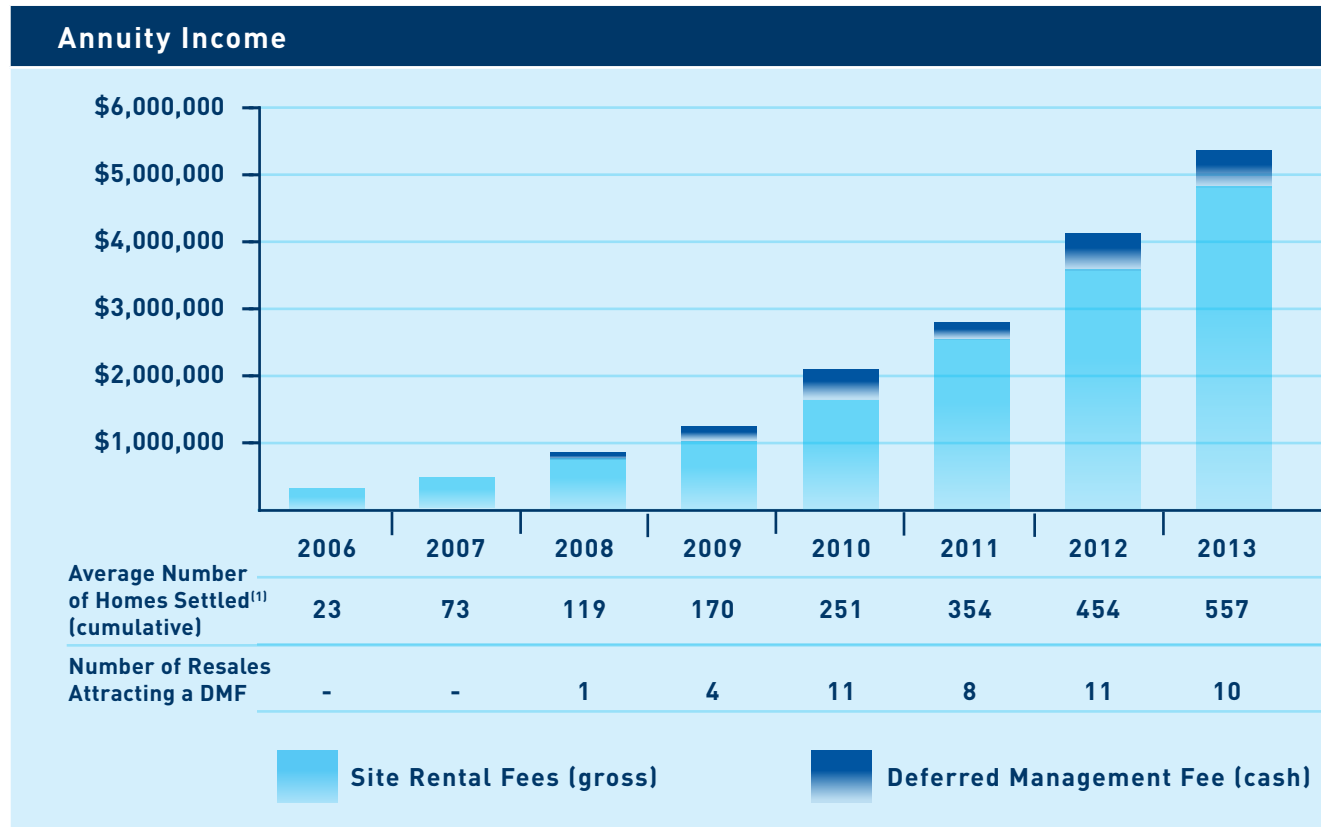
Section 2

FINANCIAL & OPERATIONAL RESULTS





Eight Years of Growing Annuity Income Streams



There are two components to the annuity stream:

1. Site Rental Fee

- Approximately \$160.00 per week per home
- Indexed at 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 as the age profile of residents matures

Annuity income will increase annually from new home settlements, inflation and resales of existing homes

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



Another strong year of sales and settlements

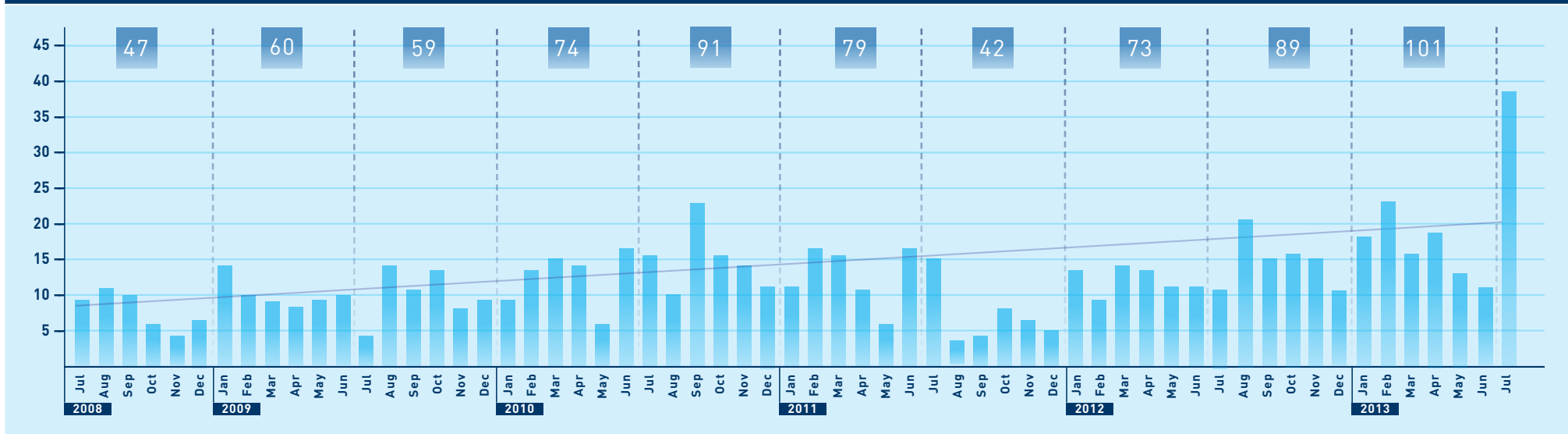
Sales Commitments

- 190 new home sales in FY2013.⁽¹⁾
- Chelsea Heights sales exceeding expectations.
- Cranbourne, Warragul and Shepparton sales tracking to expectation.
- Sales commenced at Hastings and the Chelsea Heights Expansion during the year.
- Current committed sales bank as of 30 June 2013 is 171; this compares to a sales bank of 132 as at 30 June 2012.

Settlements

- 149 settlements in FY2013.⁽¹⁾
- 55 settlements at Cranbourne, 32 at Chelsea Heights, 27 each at Warragul and Shepparton, 6 at Tarneit and 2 at Brookfield.
- First settlements at Chelsea Heights occurred in December 2012.
- Expecting first settlement at Hastings during September 2013.

Monthly customer commitments - since July 2008 to January 2013



Note: ⁽¹⁾ Lifestyle Communities has an economic interest in 136 new home sales and 106 settlements after allowing for non-controlling interests

2.3 PROFIT & LOSS



Profit & Loss highlights	FY2012 (\$'000)	FY2013 (\$'000)	% Movement
Home settlement revenue	31,660	36,552	↑ 15%
Rental and utilities revenue	4,222	5,574	↑ 32%
Deferred management fee	1,805	2,826	↑ 57%
Total revenue	38,822	45,904	↑ 18%
Cost of sales	(24,623)	(28,298)	
Home settlement margin	22%	23%	↑ 1%
Gross profit	14,198	17,606	↑ 24%
Fair value adjustment	7,623	6,780	↓ 11%
Development expenses	(2,351)	(3,450)	↑ 47%
Community management expenses	(2,288)	(3,529)	↑ 54%
Corporate overheads	(3,273)	(3,500)	↑ 7%
Finance costs	(2,921)	(2,077)	↓ 29%
Net profit before tax	10,171	11,829	↑ 16%
Net profit after tax			
Members of the parent	6,048	6,240	↑ 3%
Non-controlling interests	1,294	2,471	↑ 91%
Total net profit after tax	7,342	8,711	↑ 19%

- Net profit attributable to shareholders up 3% to \$6.2 million
- Home settlement revenue up \$4.9 million; average realisation uplift of 4% to \$270k
- Cash deferred management fees were flat with the 57% increase attributable to the movement in the deferred management fee asset
- Development expenses included \$0.65 million investment in marketing to better position the Lifestyle Communities brand
- Community management expenses increased due to homeowners now residing at Lifestyle Shepparton and Lifestyle Chelsea Heights
- Finance costs were down 29% due to a \$16.8 million reduction in the loan note facility
- Note: due to a change in accounting policies the figures now represent a full consolidation of joint venture interests and hence the increase in net profit attributable to non-controlling interests

2.4 BALANCE SHEET



Balance sheet highlights	FY2012 (\$'000)	FY2013 (\$'000)	% Movement
Cash and cash equivalents	3,330	16,144	
Inventories	16,367	21,274	
Total current assets	20,865	38,978	↑ 87%
Trade and other receivables	5,417	8,344	
Inventories	15,579	14,251	
Investment properties	65,781	73,166	
Total non-current assets	90,159	98,739	↑ 10%
Total assets	111,025	137,717	↑ 24%
Trade and other payables	6,084	9,565	
Interest-bearing loans and borrowings	31	5,692	
Total current liabilities	6,341	15,552	↑ 145%
Interest-bearing loans and borrowings	54,900	28,182	
Deferred tax liabilities	9,636	12,397	
Total non-current liabilities	64,719	40,795	↓ 37%
Total liabilities	71,060	56,347	↓ 21%
Net assets	39,965	81,370	↑ 104%
NTA per share (cents)	86.5	81.6	

- Completion of entitlement offer and placement raised \$35.3 million (net of costs)
- Gearing (net debt to net debt plus equity) has reduced to 17.9% at year end from 56.0% in FY2012
- Loan note facility now capped at \$25 million down from \$50 million facility in FY2012
- Total project bank facilities of \$21 million of which \$9.9 million were drawn at year end

Balance sheet strengthened as a result of the equity raising

2.5 CASH FLOW



Cash flow highlights	FY2012 (\$'000)	FY2013 (\$'000)
Receipts from customers	40,407	46,462
Payments to suppliers and employees [^]	(43,878)	(43,169)
Net interest payments	(4,338)	(3,355)
Cash flows from operations	(7,849)	(42)
Project capital expenditure (civil and facilities infrastructure)	13,894	11,315
Cash flow from operations (excluding project capital expenditure)	6,045	11,273
Purchase of investment properties	(9,471)	(76)
Cash flows from investing activities	(10,149)	(478)
Net movement in borrowings	12,949	(21,161)
Dividend paid	(2,310)	(782)
Entitlement offer and placement	-	35,300
Cash flows from financing activities	10,615	13,334
Net cash flows	(7,383)	12,814
Cash as at 30 June 2012	10,713	3,330
Cash as at 30 June 2013	3,330	16,144

- Adjusted cash flows from operations (excluding project capital expenditure) up by 86% to \$11.3 million
- Net interest savings of \$1.1 million
- Net repayment of debt \$21.2 million, including \$16.8 million from the loan note facility
- Cash at year end of \$16.1 million

[^] 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 of cash flows, please refer to Appendix 2 for a detailed break-down of development and management cash flows per community for FY2013 and FY2012.



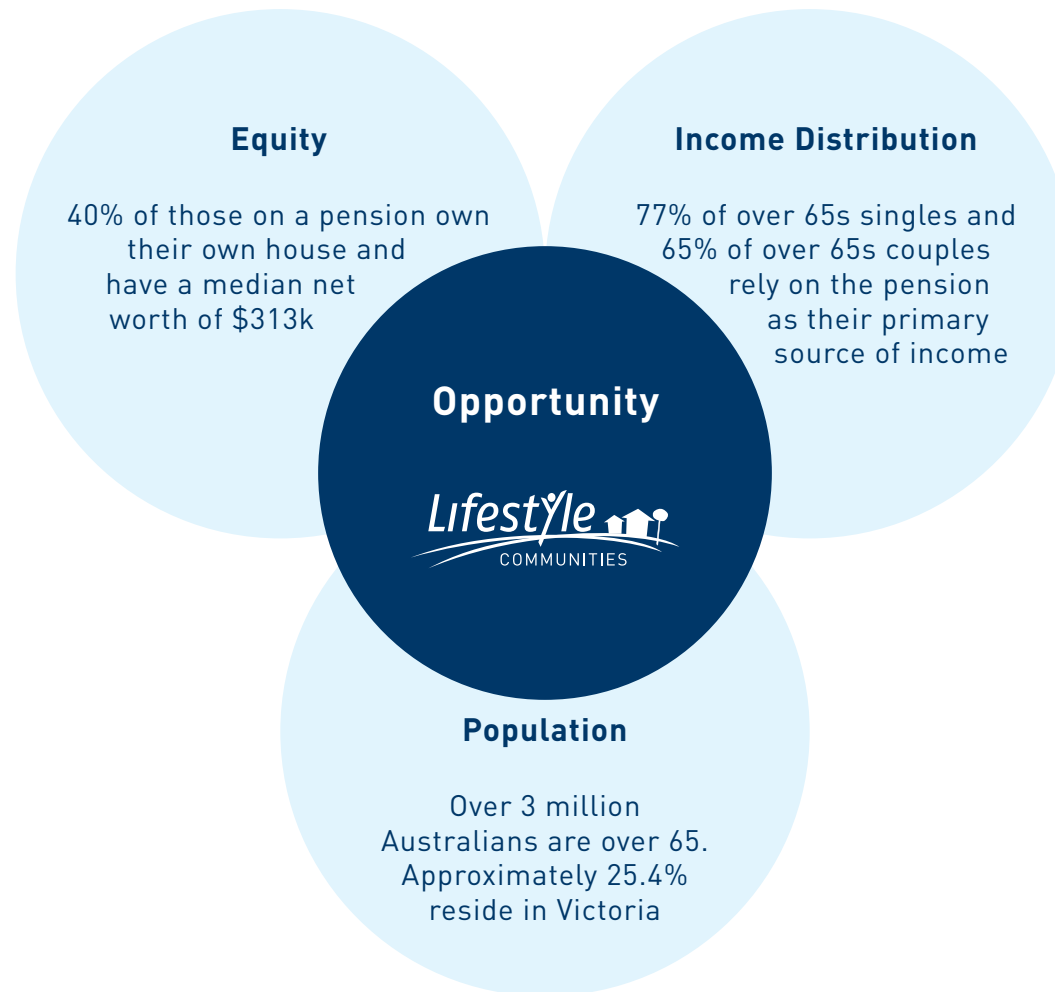
Section 3

MARKET





Lifestyle Communities operates in an under-serviced sector of the over 55's housing market



The affordable housing market for over 55's continues to grow



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

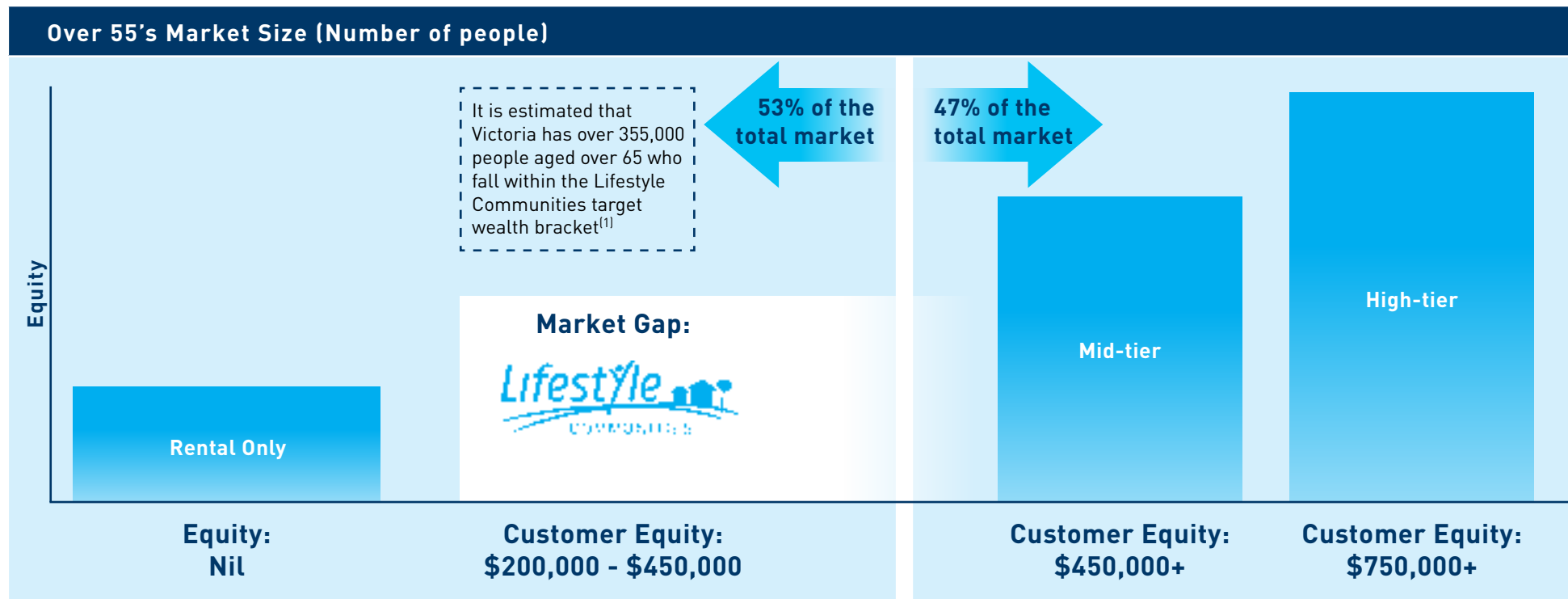


The Lifestyle Communities offer addresses these key market themes

Source: ABS 2010/2011



Lifestyle Communities' affordable housing solution targets the largest segment of the over 55's market



The market opportunity is under serviced

Note: (1) As at June 2010

Source: ABS 2005-06



Straddling two markets but focusing on the emerging baby boomer

War Generation (1925-1945)

- Now turning 70 plus
- Negative trigger buyers
- Characterised by:
 - Conservative
 - Wealth preserved
 - Happy to give up control

Key Message

Health and security



Baby Boomer Generation (1946-1964)

- Aging into the retirement space
- Positive trigger buyers
- Characterised by wanting to:
 - Maintain control
 - Free up equity to enjoy
 - Want to own their home

Key Message

Downsize to a bigger life

Lifestyle Communities' business model well placed to capitalise on this emerging customer



Continued investment in marketing and branding during the year

Positioning

- Differentiated in homogenous clutter of 'retirement' sector
- Unique language, tone, imagery and creative devices
- Continuous evolution to ensure ongoing differentiation from competition

Market Research Based

- Strategy based on in-depth qualitative segment analysis
- Channels selected from researched media consumption behaviour of age segment
- Content driven by unique needs of segment e.g. high level of information and transparency
- Local research focus groups to identify specific regional buyer behaviour

Execution

- Multi-channel
- Above the line - television (regional), radio, local press, catalogues, targeted magazines
- Below the line - open days, direct mail, CRM, printed collateral
- Strong focus on experiential



Targeting the emerging baby boomer

3.6 CURRENT MARKETING



Lifestyle
BROOKFIELD
DOWNSIZE TO A BIGGER LIFE
9747 6909
111-139 Coburns Rd, Brookfield

\$196,000 160 Bruce Court Great new location, 60 days warranty, modern appliances, luxury style, air con, new carpet, new painted kitchen.	\$199,900 100 Barton Street Great location, close to schools, bus stop, shopping, modern kitchen, air con, new carpet, new painted kitchen.	\$235,000 87 Hughes Court Only 10 minutes walk to the golf course and clubhouse, modern kitchen, air con, new carpet, new painted kitchen.	\$235,900 77 Chiffley Court Independent and peaceful, beautiful view, modern kitchen, air con, new carpet, new painted kitchen.
\$240,000 187 Whildam Court Open plan kitchen, large bathroom, living area, modern kitchen, air con, new carpet, new painted kitchen.	\$245,000 74 Chiffley Court Large open plan kitchen, living area, modern kitchen, air con, new carpet, new painted kitchen.	\$250,000 69 Gordon Street Modern kitchen, living area, modern kitchen, air con, new carpet, new painted kitchen.	\$259,000 63 Gordon Street Modern kitchen, living area, modern kitchen, air con, new carpet, new painted kitchen.

Does your home come with a pool, gym and cinema? These do.

- ✓ FREE use of pool, gym and spa
- ✓ FREE use of clubhouse with cinema and free Wi-Fi
- ✓ Safe and secure walking paths and bike trails
- ✓ No stamp duty
- ✓ No rates
- ✓ No gardening

To arrange an inspection call Carolyn: 0423 559 231

Call 1300 50 55 60 or visit lifestylecommunities.com.au

Resale local press

A BIGGER life
Spring 2013

Lifestyle
COMMUNITIES
DOWNSIZE TO A BIGGER LIFE

Enjoy spectacular 5-star facilities every day

UPCOMING EVENTS SEE INSIDE

7 communities across Victoria!

MOVE IN FROM \$176,870 TO \$361,990

THE LATEST IN AFFORDABLE luxury living

Call 1300 50 55 60 or visit lifestylecommunities.com.au

Targeted Catalogues

The benefits of moving to a Lifestyle Community

- ✓ **Free up cash**
Free up the money tied up in your old house and do all the things you've wanted to do for years!
- ✓ **You own your home**
Unlike other places you could move to, at Lifestyle Communities you own your home. You can make any interior changes you like and sell it whenever you want to.
- ✓ **Pets are welcome**
Pets are part of the family and we welcome them into the community.
- ✓ **Free and unlimited access to 5-star facilities**
You'll have outstanding sports and entertainment facilities at your disposal, like an indoor heated pool, bowling green, fully equipped gym, private clubhouse and much more.
- ✓ **Secure caravan and boat parking**
Love caravanning, boating or both? Then you'll love the fact that parking spaces are available for your trailers, boats and caravans.
- ✓ **On-site Community Managers to take care of things**
On-site Community Managers take care of all the operational and maintenance needs of the community leaving you free to live it up.
- ✓ **Have family and friends stay**
It's your home, so your friends and family are always welcome.
- ✓ **Lock up and leave**
Whenever you go travelling you'll have peace-of-mind knowing your mail is being collected, your garden is being watered and your Community Managers are keeping an eye on things.
- ✓ **On-site gardening**
At Lifestyle Communities a full-time gardening and maintenance team means you can get on with more important things, like living a bigger life!

© 2013 Lifestyle Communities Limited

Sales Collateral

Join in the fun at our Grand Garage Sale!
Saturday 3rd August from 9am to 3pm. Entry is free!

Enjoy the fun, savings and atmosphere of a Grand Garage Sale spread over the streets of our community!

- ✓ Car boot sale on the day
- ✓ Refreshments in the clubhouse
- ✓ WIN one of four \$50 Coles/Myer gift cards (Register at the clubhouse for your chance to win)
- ✓ Collect your FREE Lifestyle Communities carry bag and map and follow the Grand Garage Sale trail
- ✓ Take a tour of the community and clubhouse and discover just how affordable 5-star luxury living can be

Lifestyle
CRANBOURNE
DOWNSIZE TO A BIGGER LIFE

For more information call 1300 50 55 60 or visit lifestylecommunities.com.au
Visit us at 2 Cranbourne Street, Cranbourne East

Event-based promotions

TIRED OF HOME MAINTENANCE?

The grass is greener at Lifestyle Communities!

Make the move to a fabulous independent life of luxury at a Lifestyle Community and you'll be able to live it up like never before.

- ✓ Unlimited access to resort facilities including indoor heated swimming pool, bowling green, tennis court, fully equipped gym, private cinema, private clubhouse and much, much more
- ✓ Ask us about our Smart Buy Guarantee
- ✓ On-site gardening and maintenance team
- ✓ Secure caravan and boat parking
- ✓ Pets are welcome
- ✓ Secure and vibrant community
- ✓ Totally independent luxury living
- ✓ Own your own brand new low maintenance home
- ✓ Free up cash
- ✓ On-site community managers to take care of things

Lifestyle
COMMUNITIES
DOWNSIZE TO A BIGGER LIFE

Call 1300 50 55 60 or visit lifestylecommunities.com.au

Chelsea Heights - Hastings - Shepparton - Cranbourne - Warragul

Local press

Make coming home as exciting as going away!

HOMES FROM \$175,120 TO \$358,770.

Make the move to a Lifestyle Community and you'll own a spectacular new low-maintenance home with fabulous 5-star facilities including an indoor heated pool, tennis court, bowling green, fully equipped gym, private clubhouse, secure on-site caravan and boat parking, plus lots more. We're taking luxury independent living in the safety and security of a vibrant gated community with on-site Community Managers. All for a price so affordable, you'll have plenty of money left over for travelling wherever and whenever you like. So call now. A bigger life awaits! *Finance costs at Shepparton, Warragul & Cranbourne.

Lifestyle
COMMUNITIES
DOWNSIZE TO A BIGGER LIFE

For a personal tour or more information call 1300 50 55 60 or visit lifestylecommunities.com.au
Chelsea Heights - Hastings - Shepparton - Cranbourne - Warragul - Tarneit - Brookfield

Targeted magazines

Targeted marketing that resonates with our customer



Lifestyle Communities runs a strong TV and radio campaign in selected markets



Click [here](#) to watch our latest TV commercial

Click [here](#) to listen to our latest radio commercial



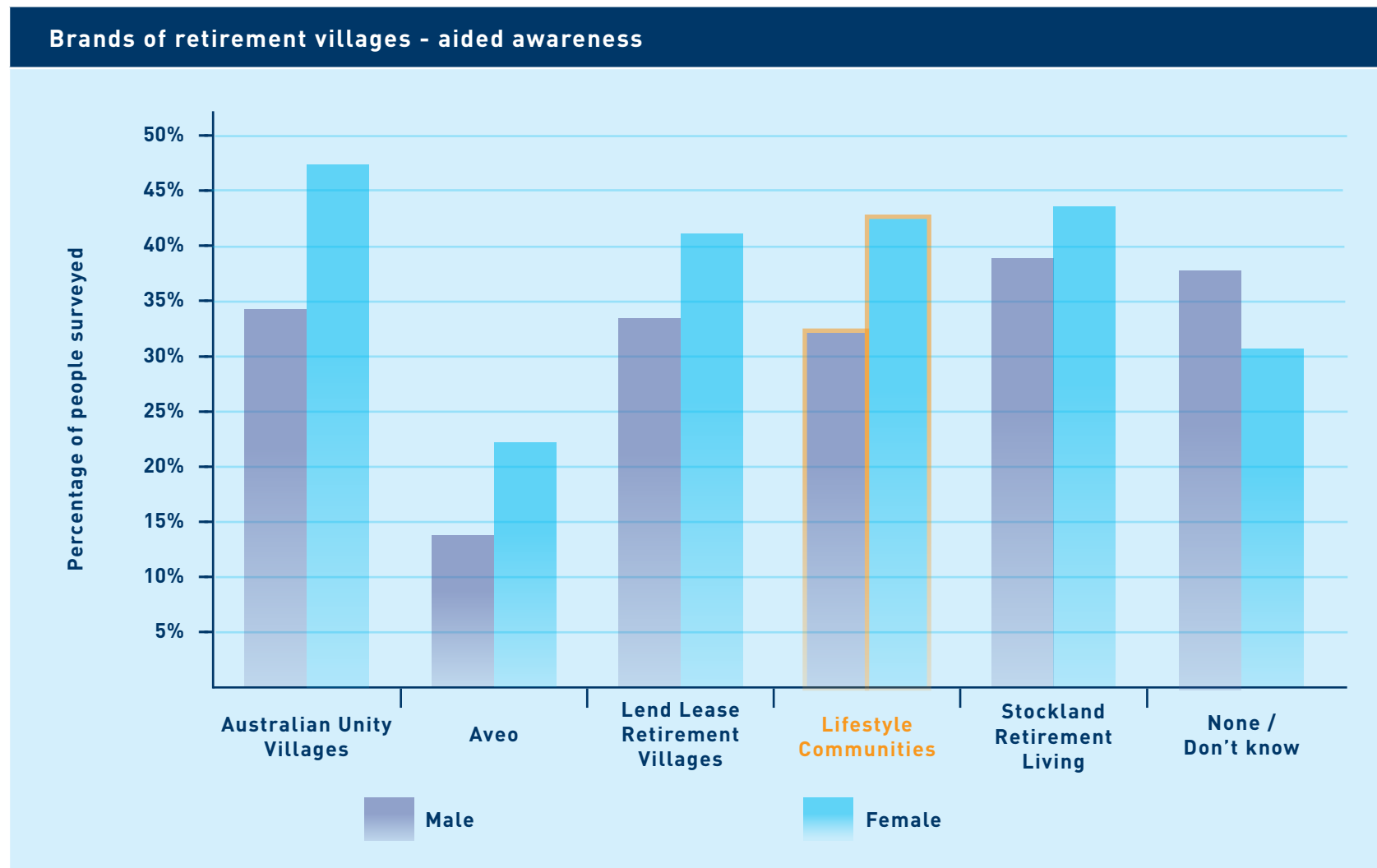
www.facebook.com/abiggerlife



www.lifestylecommunities.com.au



www.youtube.com/lifestylecomms



High brand awareness amongst our target customer

Source: Newspoll survey March 2013



Section 4

BUSINESS MODEL





Lifestyle Communities will continue rolling out affordable housing for the over 55's

- Focused strategy to dominate the niche of affordable housing to the over 55's market
- Lifestyle Communities' brand is now clearly differentiated in the consumer's mind against traditional retirement communities
- Funded and resourced to roll-out a new community every 12-18 months subject to identification of appropriate sites
- Presently focused in Melbourne's growth corridors as well as key Victorian regional centres



Lifestyle Communities will continue to grow its portfolio of affordable communities



Lifestyle Communities develops and manages affordable land lease communities delivering long term annuities from home site fees and resales

Moving in

Living

Moving out

Customer Needs

are satisfied by ...

Move into a new, affordable, low maintenance home in a land lease community. Homeowner owns their house and has a 90 year lease over the land

Release of equity on downsizing and payment of affordable weekly rental with the benefit for pensioners of being subsidised by Government rental assistance

Net proceeds of home sale re-leased to homeowner to fund the next stage of life. DMF capped at 20% of the resale price

Our Business Model

which provides ...

Develop and sell new homes:

- Relative to area median
- Off the plan sales - no stamp duty
- 100% cash development costs recovered

Land ownership:

- Generates long-term (90 years) annuity income streams with a 3.5% or CPI increase.
- Covered under Part 4A of the Residential Tenancies Act

On resale:

- Assist vendor with sale to maximise value
- Crystallise DMF, capped at 20% of resale value

Circulating capital for pipeline of development projects

Attractive Shareholder Returns

- Cash generated by sale of home covers full cost of development
- No erosion of capital pool
- Capital redeployed in new community roll outs

- Growing rental income base with each new settlement
- Rental increases linked to CPI or 3.5%
- Strict cost management across business operations

- DMF income on resale of homes adds to community management cashflows

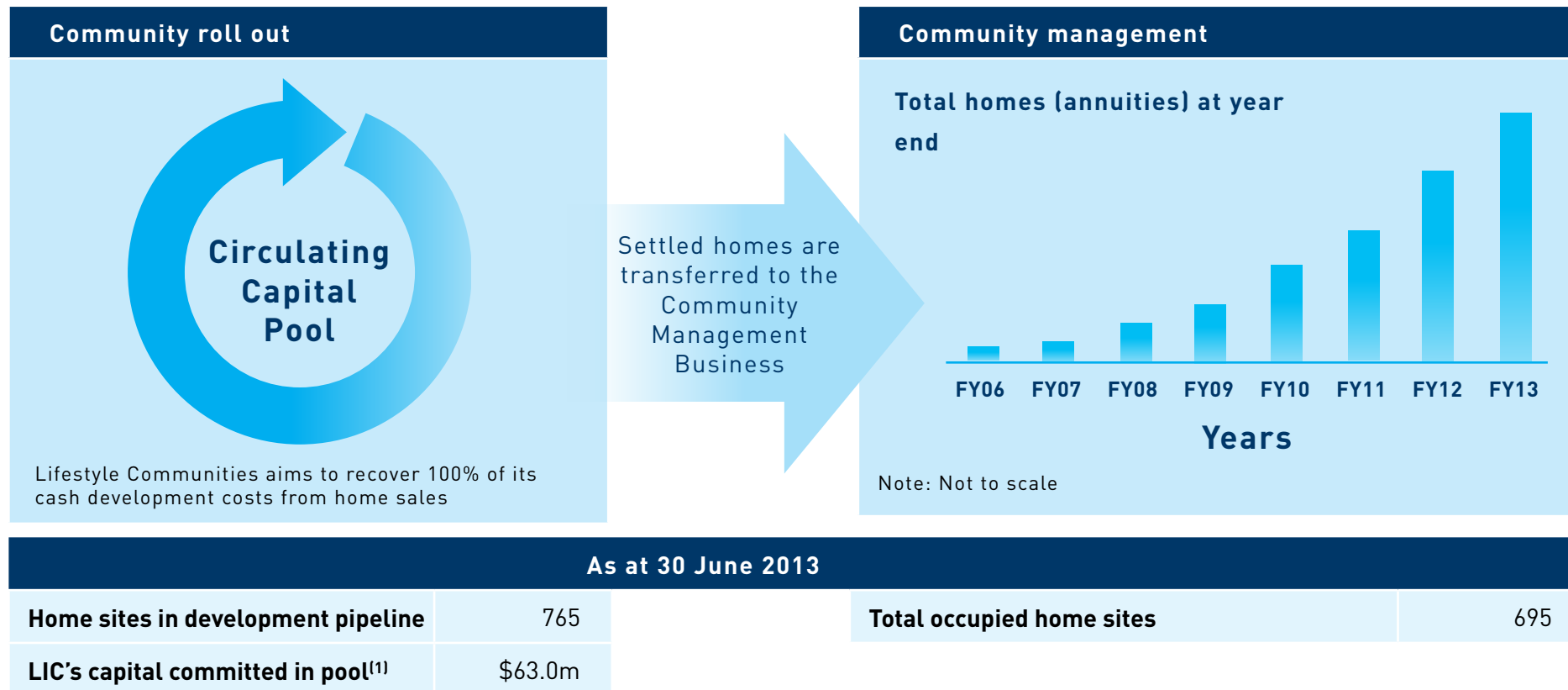


Lifestyle Communities has a differentiated business model that produces long-term growing CPI indexed annuity streams for its investors

Features	Benefits
Lifestyle Communities is the developer, sales agent and manager of its affordable pre-retirement communities	Lifestyle Communities control all touch points with its customers which translates into high levels of service delivery and brand recognition
Lifestyle Communities operates a "Land Lease" model whereby homeowners purchase their home but not the underlying land. Lifestyle Communities retains long-term ownership of the land	Assists in achieving affordability by reducing the purchase cost and enabling homeowners to access Federal Government Rental Assistance
Homeowners enter a 90 year lease agreement with Lifestyle Communities	Lifestyle Communities is the beneficiary of long term CPI linked income stream as well as a share of the resale proceeds when homeowners sell their home
Communities are regulated under the Residential Tenancies Act (VIC) 2011	Reduces operating costs through exemptions on land tax, stamp duty and ability to access land that is not necessarily Residential Zone 1
Focus on greenfield opportunities	A greenfield development reduces sales risk assuming the site location is well positioned. Returns are maximised as all capital is able to be recycled and therefore providing annuity returns from a 'nil' capital base



Lifestyle Communities has a low risk sustainable business model



The growing level of free cash flow from the annuities provides the basis for dividends over time

Note: (1) As at 30 June 2013



Lifestyle Communities has two components to its business

Community roll-out

Attributes
• Circulating pool of capital • Used to fund development of communities • Aim to recover 100% of cash costs (land, civils, housing, marketing, overhead allocation, interest from home sales)
Value drivers
Sale and settlement of new homes
Acquisition of premium sites
Out-performance against budgeted cost

Community management

Attributes
• Growing pool of annuities (homes settled) • Large proportion of annuity stream is low volatility land lease income • Exposure to house prices through Deferred Management Fee
Value drivers
Growth in annuity income
Increased DMF returns
Disciplined cost control



Ensures preservation of capital and free cash flow for future dividends



Rent as a percentage of the pension remains affordable

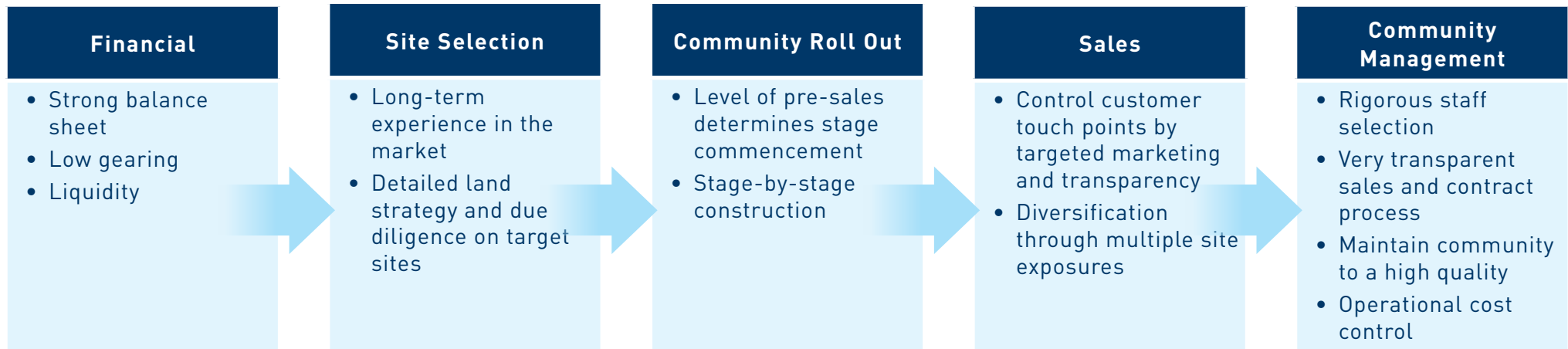


- Lifestyle Communities' homeowners who receive the age pension are paying approximately:
 - 18.5% of their pension as rental (for couples) after rental assistance, reduced from 19.8% five years ago.
 - 21.2% of their pension as rental (for singles) after rental assistance, reduced from 25.3% five years ago.

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



The company ensures diligent risk management at each stage of the development cycle



Disciplined approach to each stage mitigates risk



Section 5

OUTLOOK





Lifestyle Communities expects to capitalise on the continued expansion of its community portfolio in FY2014



- Continued strong customer support for the Lifestyle Communities brand and product offering
- Settlements and net profit attributable to shareholders are both expected to increase in FY2014 compared to FY2013
- Company's portfolio (settled, under development and subject to planning) now at 1,460 following recent acquisition of Wollert site
- Funded and resourced to roll-out a new community every 12-18 months subject to identification of appropriate sites
- Presently focused on Melbourne's growth corridors as well as key regional centres in Victoria

5.2 LIKELY SETTLEMENT PROGRAMME



Currently 1,460 homes in the portfolio⁽¹⁾

Community	FY14				FY15				FY16				FY17			
	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																
Chelsea Heights Expansion																
Wollert																



Represents tail of development

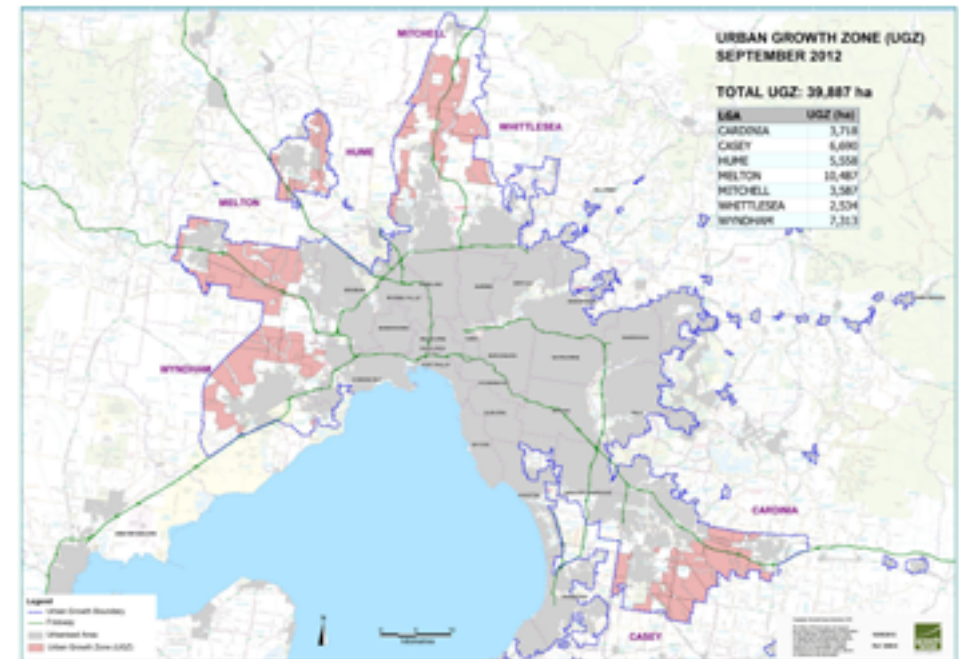
Notes: (1) Settled, under development or subject to planning; gross numbers not adjusted for joint venture interests

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



Lifestyle Communities continually performs detailed due diligence on Victoria's growth corridors

- Focusing on opportunities in Victoria to capitalise on the lack of supply of affordable housing, forecast population growth and brand equity
- Target sites in Melbourne's key growth corridors and major regional centres which are assessed against the following criteria:
 - Demographics of immediate catchment including number of over 55s
 - The forecast rate of population growth in the area
 - Proposed house prices within the community relative to the local median house price
 - Competition and alternative affordable housing solutions
- Undertake assessment of multiple sites within each growth corridor to ensure the most suitable location
- Securing sites in a premium location results in optimum sales rate with achievable realisations



A rigorous acquisition strategy de-risks community roll-outs



Lifestyle Communities intends to pay dividends out of operating cash flow from community management

As a general principle, the Directors of Lifestyle Communities intend to pay dividends out of post tax, operating cash flow generated from community management.

Considerations in determining the level of free cash flow from which to pay dividends will include:

- Operating cash flow generated from community management
- The projected tax liability of Lifestyle Communities Limited
- The level of corporate overheads attributable to the roll out of communities
- The level of interest to be funded from free cash flow
- Additional capital needs of the development pool

As anticipated, no dividend has been declared in respect of FY2013.

It is anticipated that there will be positive cashflows derived from community management by either FY2014 or FY2015.



The growing level of free cash flow from the annuities provides the basis for dividends over time



- FY2013 delivered another strong result for net sales commitments (190) and home settlements (149)⁽¹⁾
- Annuity income from homeowner rentals grew by \$1.3 million to \$4.9 million as a result of having 695 settled homes
- Two acquisitions recently announced, being an expansion of Chelsea Heights and a site at Wollert in Melbourne's north. These acquisitions increase the total portfolio to 1,460⁽²⁾
- Entitlement offer and placement raised \$35.3 million and contributed to significant cash reserves for acquisition as well as a reduction in debt and subsequent gearing (net debt to net debt plus equity) from 56.0% to 17.9%
- Funded and resourced to roll-out a community every 12-18 months subject to identification of appropriate sites



A proven business that is structured for sustainable growth

Note: (1) Represents gross numbers not adjusted for joint venture interests
(2) Settled, under development or subject to planning



Appendix



A.1 INVESTMENT PROPERTY ANALYSIS



Community Valuation Summary						
	30 June 2013			Investment properties per financials 30 June 2013		
	Total homes	Homes occupied	Investment properties at cost ⁽¹⁾ (\$m)	At fair value (\$m)	+ DMF asset ⁽²⁾ (\$m)	Total fair value (\$m)
Mature Communities						
Brookfield	228	228	6.85	21.12	3.18	24.30
Tarneit	136	132	3.69	12.88	1.45	14.33
Communities under development						
Warragul	182	136	2.51	14.10	1.34	15.44
Cranbourne^	217	135	3.87	8.65	0.51	9.16
Shepparton	221	32	3.67	5.26	0.12	5.77
Chelsea Heights^	105	32	3.54	4.06	0.07	4.13
Hastings	141	-	7.36	6.70	-	6.70
Total	1,230	695	31.51	73.16	6.67	79.83

Notes: ^ 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



Community Valuation Metrics (on-completion)					
	Rental Metrics (management assessment)		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%	5,839	13%	10%	216,041
Tarneit	8.5%	5,907	13%	10%	243,122
Communities under development					
Warragul	8.5%	6,167	13%	10%	229,350
Cranbourne^	8.5%	6,227	13.5%	10%	261,629
Shepparton	9.0%	6,142	14%	10%	192,466
Chelsea Heights^	8.75%	6,142	14%	10.5%	276,409
Hastings	8.75%	6,142	14%	10.5%	251,235

^ 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

A.2 CASH FLOW ANALYSIS - FY2013



Supplementary Cash Flow Analysis for FY2013	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Equity	Total
Total Number of Homes	228	136	182	217	221	105	141		1,230
Settled FY2013	2	6	27	55	27	32	-		149*
Remaining homes and lots available to settle	-	4	46	82	189	73	141		535
Capital pool committed (\$million)⁽¹⁾	-	1.01	6.86	7.09	12.52	7.41	9.42	18.30	62.60
Capital Cash Flows (\$million)									
Land	-	-	-	-	-	-	-		-
Development Expenditure (development and sales)	(0.22)	(0.25)	(0.76)	(0.67)	(3.13)	(2.94)	(3.03)		(11.00)
Home Construction	(0.08)	(0.06)	(1.29)	(2.84)	(3.74)	(3.00)	(0.18)		(11.19)
Home Settlements	0.38	1.36	5.99	7.46	4.90	4.50	-		24.59
Net Development Cash Flows	0.08	1.05	3.93	3.95	(1.96)	(1.44)	(3.21)		2.40
Annuity Cash Flows (\$million)									
Site Rentals (incl. Management Fees)	1.76	1.06	1.02	0.90	0.14	-	-		4.88
Deferred Management Fees Received	0.22	-	0.14	0.02	-	-	-		0.38
Community Operating Costs ⁽²⁾	(0.59)	(0.40)	(0.29)	(0.43)	(0.23)	(0.09)	-		(2.03)
Net result from utilities ⁽³⁾	(0.13)	(0.01)	(0.06)	(0.03)	(0.05)	-	-		(0.28)
Share to non-controlling interests ⁽⁴⁾	-	-	-	(0.14)	-	0.05	-		(0.09)
Net Annuity Cash Flows	1.26	0.65	0.81	0.32	(0.14)	(0.04)	-		2.86
Head Office Costs									(3.12)
Net Operating Cash Flows									2.14
<i>Reconciliation to statutory cash flows</i>									
Less – Interest									(3.34)
Add – Land (investing cash flow)									-
Less – Movement in inventory and creditors and JV fees									(1.37)
Add - Non-controlling interests in cash flows									2.53
Statutory Cash Flows from Operations (\$million)									(0.04)

Notes: * LIC's economic interest is 106 units after allowing for Joint Venture interests

(1) The Capital Pool allocated to developments materially reflects inventory and undeveloped land

(2) Included refurbishment works at Brookfield clubhouse of \$0.08 million

(3) Includes one-off water costs of \$0.17 million during the period

(4) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

A.2.1 CASH FLOW ANALYSIS - FY2012



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	221	105	141	1,230
Settled FY2012	9	28	20	72	5	–	–	134*
Remaining homes to be settled as at 30 June 2012	2	10	73	137	216	105	141	684
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 (incl. JV Development Fees)	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 (incl. JV Management Fees)	1.66	0.92	0.81	0.24	–	–	–	3.63
Deferred Management Fees Received	0.29	0.03	0.15	–	–	–	–	0.47
Community Operating Costs	(0.58)	(0.50)	(0.31)	(0.22)	–	–	–	(1.61)
Net result from utilities	0.04	0.02	0.02	(0.02)				0.06
Share to non-controlling interests ⁽¹⁾	–	–	–	0.01				0.01
Net Annuity Cash Flows	1.41	0.47	0.67	0.01	–	–	–	2.56
Head Office Costs								(2.95)
Net Operating Cash Flows								(13.08)
<i>Reconciliation to statutory cash flows</i>								
Less – Interest								(4.34)
Add – Land (investing cash flow)								10.19
Add – Movement in inventory and creditors								0.82
Less – Non-controlling interests in cash flows								(1.40)
Statutory Cash Flows from Operations (\$million)								(7.80)

Note: (1) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

*LIC's economic interest is 98 units after allowing for Joint Venture interests



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