



Morgans Emerging Companies Conference Presentation

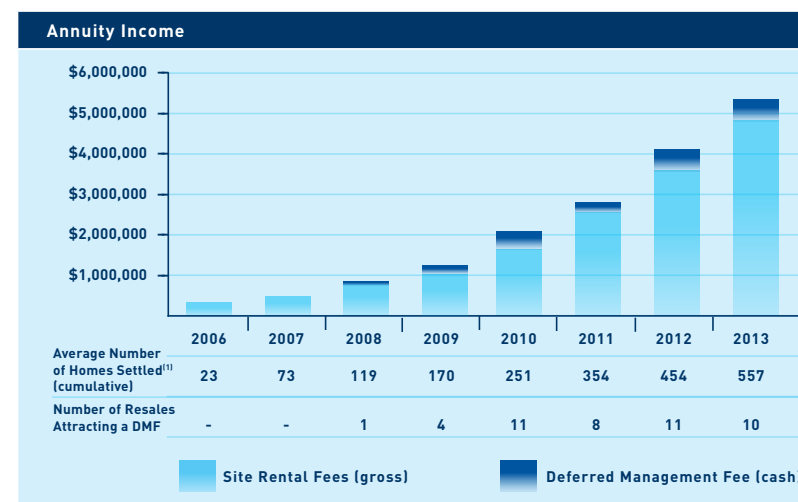
4 December 2013



Business Snapshot

- Founded in 2003
- Develop and manage land lease communities which generate long-term sustainable revenue streams
- Focused on affordable pre-retirement housing for the over 50s market
- Pipeline of 1,465 sites either under development or management
- Capitalised for long-term sustainable growth

8 years of growing annuity income stream



Financial Position

	FY2012 (\$ million)	FY2013 (\$ million)
Total Assets	\$111.0	\$137.7
Equity	\$40.0	\$81.2*
Total borrowings	(\$54.9)	(\$33.9)
LVR	49%	25%
Net debt	(\$51.6)	(\$17.7)
Net debt to equity ratio	56%	18%

*\$36.5 million capital raising completed in December 2012

Board of Directors



Tim Poole
Chairman
Non-executive, independent



James Kelly
Managing Director
Founder



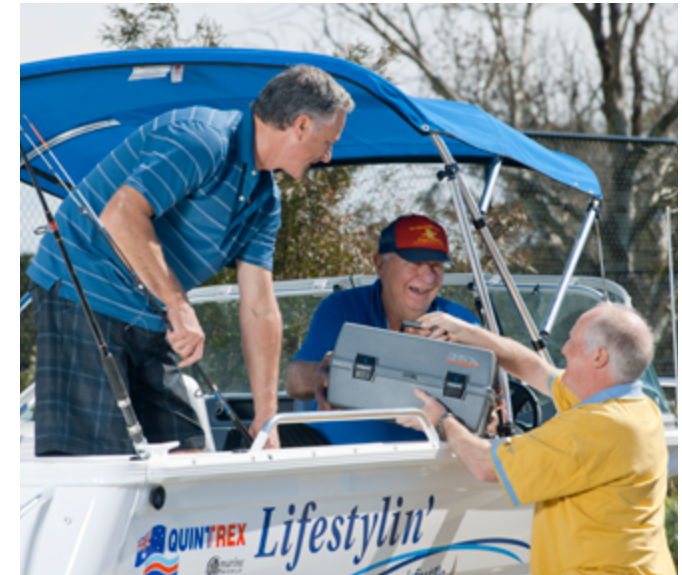
Bruce Carter
Executive Director
Founder



Jim Craig
Non-executive Director
Independent



Philippa Kelly
Non-executive Director
Independent





- Develop and manage greenfield sites that target the over 50s retiree or pre retiree
- The communities are a land lease model where the customer buys the home and enters into a 90-year lease
- Two resultant annuity income streams:

1. Site Rental Fee

- **The site rental fee forms the majority of the value of each annuity**
- **Each individual rental stream is secured against the unencumbered value of the dwelling**
- **Approximately \$160.00 per week per home**
- **Indexed at the greater of CPI or 3.5% p.a.**



**Equates to approximately \$8,300 p.a.
income for each settled home**

2. Deferred Management Fee

This fee is collected on the re-sale of a home in the community

- The fee is calculated as a scaled percentage of the re-sale price
- The scaling is a function of the number of years the homeowner has lived in the community and is capped at 20% of the re-sale price after 5 years of ownership

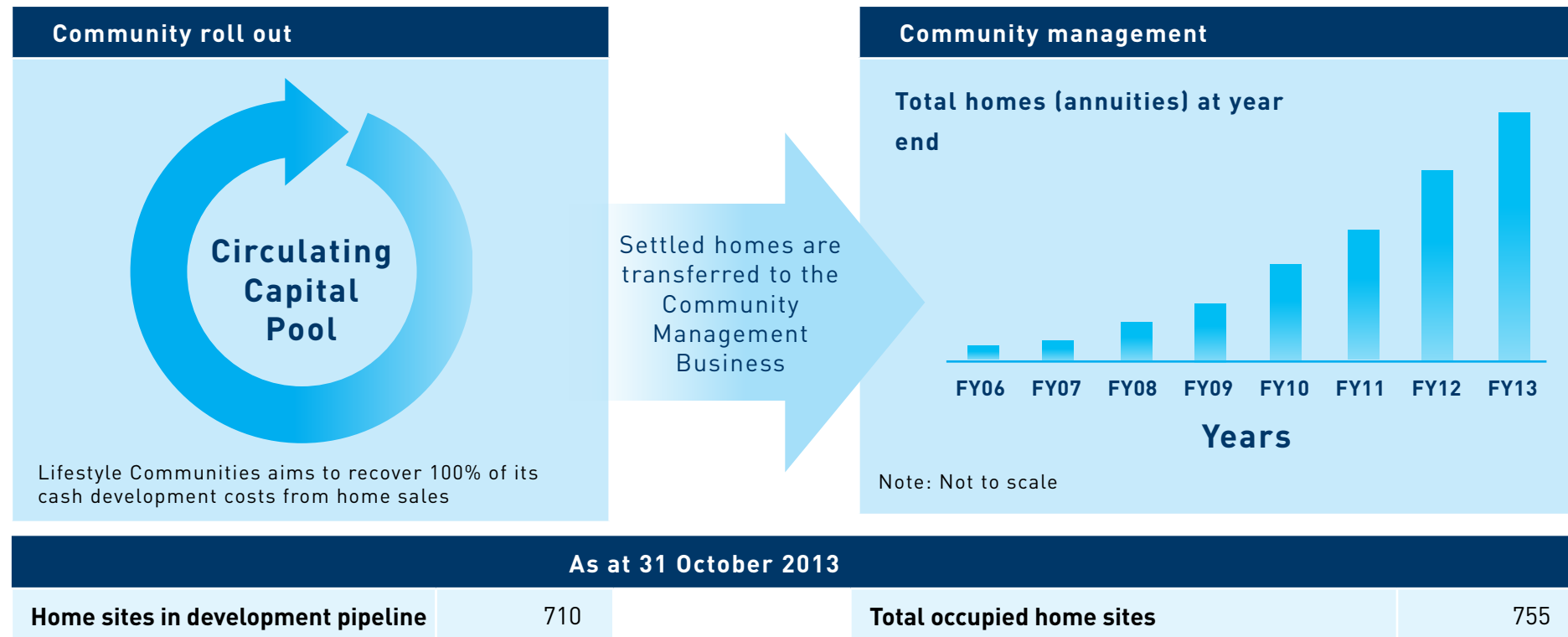


Lifestyle Communities estimates its home owners will have an average ownership period of 10-12 years

- In an established community, approximately 8-10% of homes are estimated to re-sell in any given year



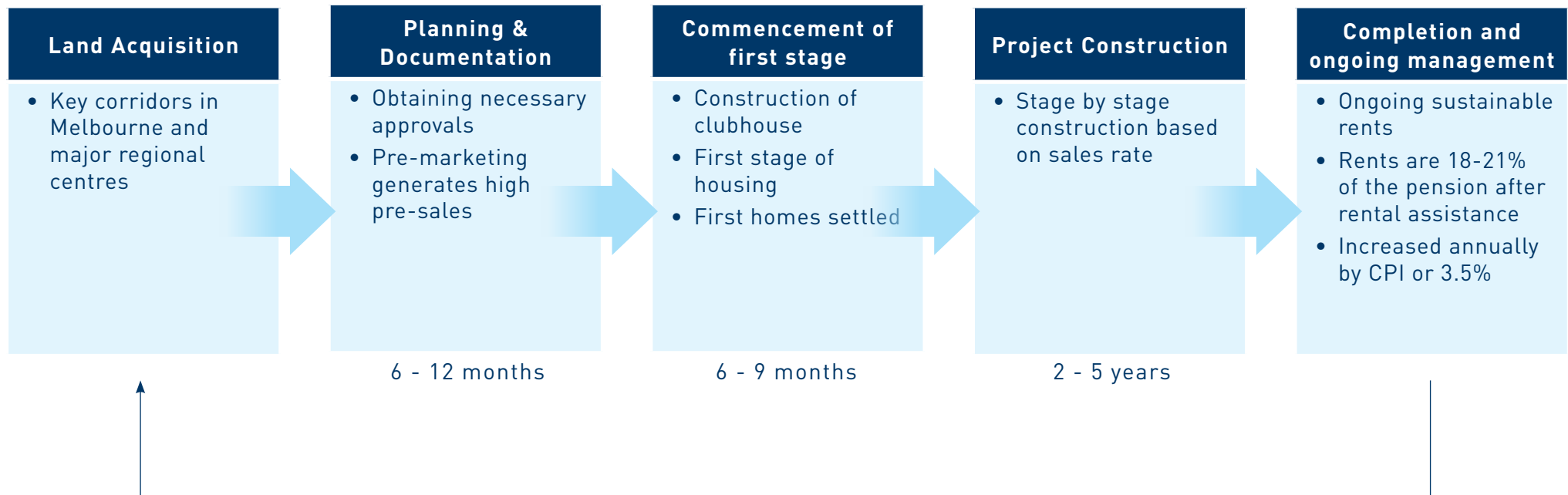
Lifestyle Communities has a low risk sustainable business model



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



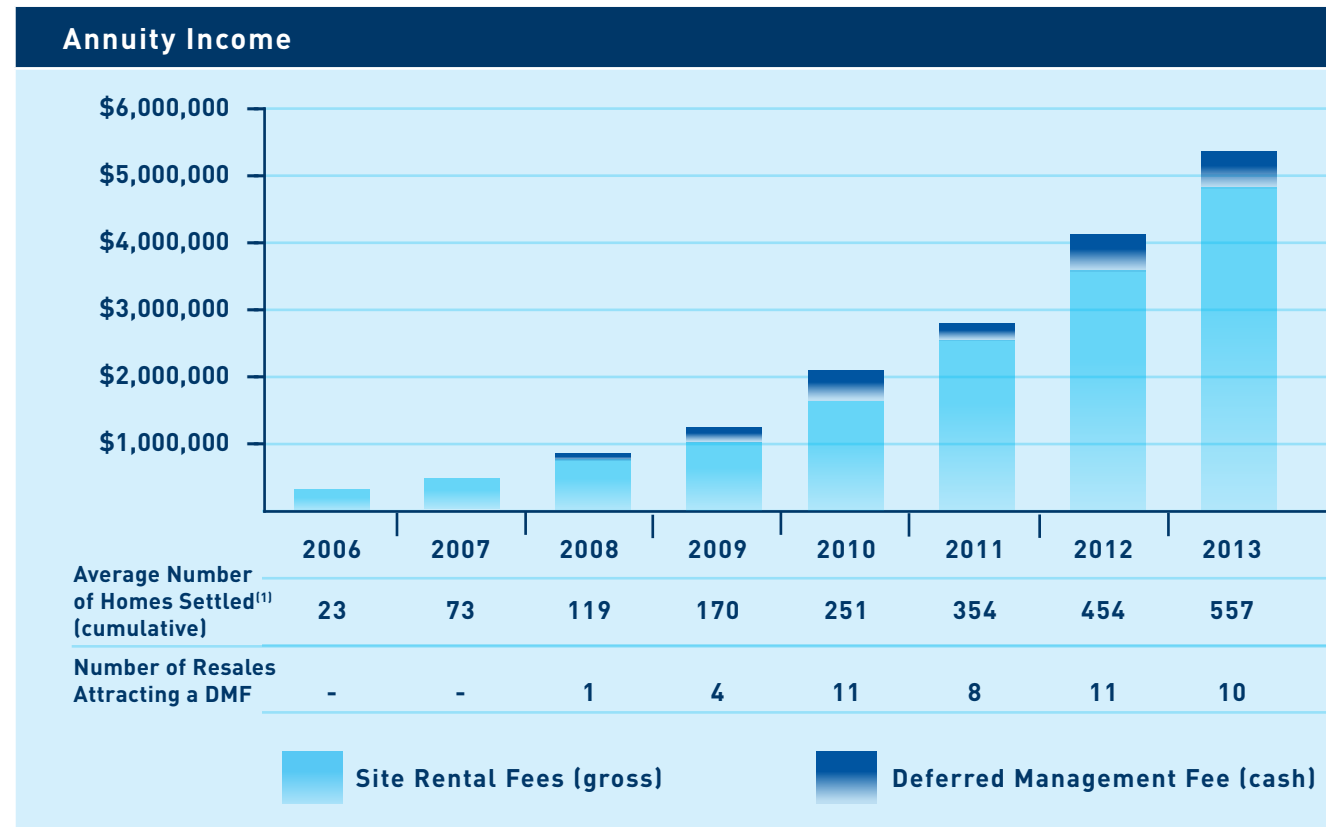
Capital fully recycled on completion of each community



Capital fully recycled in 3 to 5 years subject to project size and location



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

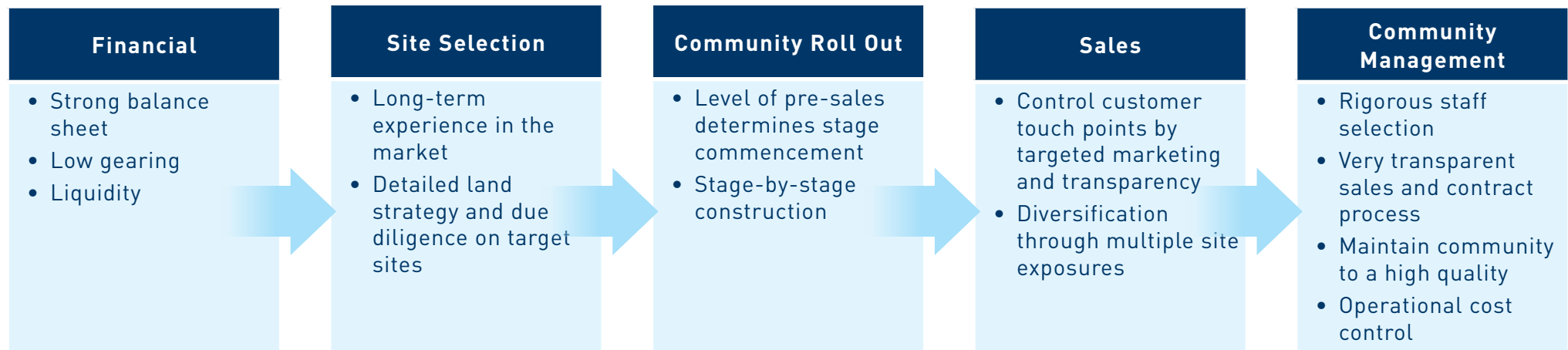
- Calculated as a scaled percentage of the re-sale price
- Scaling is a function of tenure and is capped at 20% of the re-sale price after 5 years of ownership
- In established communities, approximately 10% of homes are estimated to re-sell in any given year as the age profile of residents matures

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



The company diligently manages risk at each stage of the development cycle



Capital and ongoing income protected through risk mitigation strategy



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%

Baby boomer

- First of the baby boomers turned 68 this year
- By 2021 there will be another 308,000 baby boomers in Victoria
- By 2051, over 65s will comprise half of Victoria's population



The Lifestyle Communities offer addresses these key market themes

Source: ABS 2010/2011



War Generation (1925-1945)

- Happy to give up control
- Happy to not own their own home
- Looking for more care
- Co-dependent

Negative trigger buyer

- Health
- Security
- Less maintenance = less able
- Passive



Baby Boomer Generation (1946-1964)

- Want to maintain control
- Home ownership is important
- Don't associate care
- Independent

Positive trigger buyers

- Free up equity
- Lifestyle
- Travel
- Less maintenance = more time

Lifestyle Communities targeting the emerging baby boomer market



Baby boomers want to be empowered and in control

- Impacts:
 - Product
 - Service delivery
 - Communication
 - Management
- They want to be engaged
- More single women who are looking for living solutions
- Finance: banks and investors working out where to go
- Communication: social media and internet



Lifestyle Communities' model delivers a housing solution that the baby boomer is seeking



The three key emerging trends come together



Current housing solutions are not meeting the new emerging customer

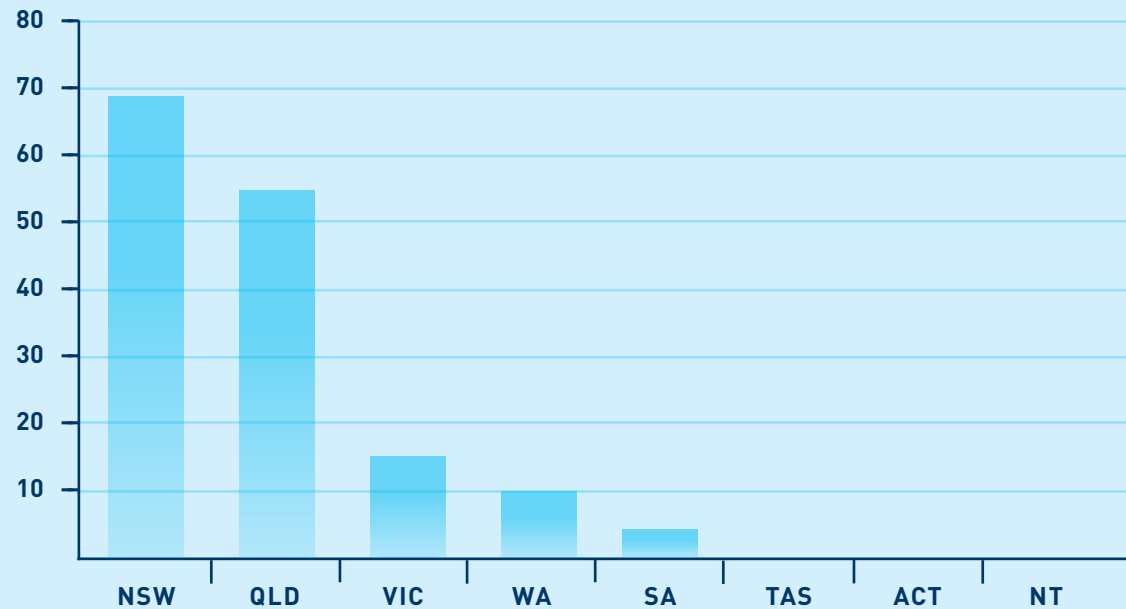


Continued opportunities in metro Melbourne and regional Victoria



Number of MHEs / Residential Parks per state⁽¹⁾

Number
of parks



Relative under-servicing in Victoria creates significant opportunity

Note: (1) Jones Lang LaSalle research 2009



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

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



Targeting the emerging baby boomer



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

\$196,000 160 Bruce Court Great living location, full of light, versatile, modern, affordable, move in ready, no stamp duty, no rates, no garden, no maintenance.	\$199,900 100 Barton Street Great location, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$235,000 87 Hughes Court Only 10 minutes walk to the railway and shopping centre, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$235,900 77 Chiffley Court Beautiful and modern, oversized front, rear, side, garden, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.
\$240,000 187 Whildam Court Open plan kitchen, large bedrooms, living area, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	Does your home come with a pool, gym and cinema? These do.		\$240,000 217 Lyman Street Located in a quiet area, well established, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.
\$245,000 74 Chiffley Court Large open plan kitchen, living area, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$250,000 49 Gorton Street Excellent location, overlooking park, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$250,000 32 Fadden Court Beautiful and modern, oversized front, rear, side, garden, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$250,000 189 Scullin Street Beautiful and modern, oversized front, rear, side, garden, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.
\$259,000 63 Gorton Street Ideal location, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$260,000 88 Hughes Court Great location, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$260,000 45 Cain Court Great location, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.	\$299,900 222 Reid Street Great location, close to schools, shops, public transport, no stamp duty, no rates, no garden, no maintenance.

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

Resale local press

A BIGGER life
Lifestyle COMMUNITIES
DOWNSIZE TO A BIGGER LIFE
SPRING 2013

MOVE IN FROM \$176,870 TO \$370,950

Enjoy spectacular 5-star facilities every day

www.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!

Sales Collateral

Ho Ho Ho into all the fun at our Xmas market!
Saturday October 26th from 9am-3pm. Entry is FREE!

- Christmas goodies, cards and crafts, homewares, jewellery, handcrafted furniture and ornaments plus lots more!
- Santa will be calling in from 1pm-3pm with a sack full of goodies for the kids
- FREE Barista coffee
- FREE BBQ lunch
- FREE wine and cheese tasting
- Enter the raffle to win one of four \$500 Coles/Mylar gift cards

Lifestyle WARRAGUL
DOWNSIZE TO A BIGGER LIFE

For more information call 1300 50 55 60 or visit lifestylecommunities.com.au
134 Warragul-Lardner Road, Warragul VIC 3820

Event-based promotions

YOU DON'T HAVE TO BE RICH TO ENRICH your life
Homes from \$175,120 to \$370,950

Lifestyle COMMUNITIES
DOWNSIZE TO A BIGGER LIFE
Call 1300 50 55 60 or visit lifestylecommunities.com.au

Chelsea Heights - Cranbourne - Hastings - Warragul - Tarneit - Brookfield - Shepparton - Wollert

Local press

NEW YEAR resolutions

New Year themed TVC

Targeted marketing that resonates with our customer



Continued growth in sales and settlements

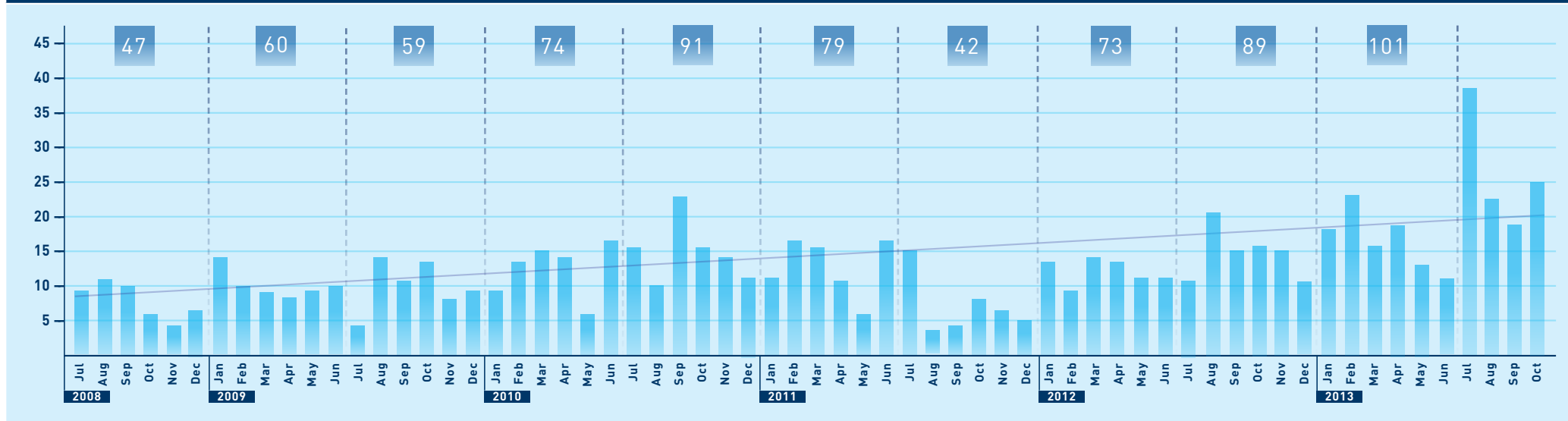
Sales Commitments

- 190 new home sales in FY2013⁽¹⁾.
- 104 new home sales for year to 31 October 2013⁽²⁾.
- Chelsea Heights sales exceeding expectations.
- Cranbourne, Warragul, Shepparton and Hastings sales tracking to expectation.
- Current committed sales bank as of 31 October 2013 is 216; this compares to a sales bank of 171 as at 30 June 2013.

Settlements

- 149 settlements in FY2013⁽¹⁾.
- 60 settlements for year to 31 October 2013⁽²⁾.
- First settlements at Chelsea Heights occurred in December 2012.
- First settlements at Hastings occurred in 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 for FY2013

(2) Lifestyle Communities has an economic interest in 72 new home sales and 44 settlements after allowing for non-controlling interests year to 31 October 2013



Lifestyle Communities continues to capitalise on the expansion of its community portfolio



- 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
- Assuming market conditions do not change materially we expect new home settlements for FY2014 to exceed 200⁽¹⁾ (compared with 149⁽¹⁾ for FY2013)
- Company's portfolio (settled, under development and subject to planning) now at 1,465 following the recent acquisition of Wollert
- 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 major regional centres in Victoria

Note: (1) Represents gross numbers not adjusted for joint venture interests



Market capitalisation value as at 2 December 2013	\$112.9 million
Number of shares on issue	99,970,131
Net assets as at 30 June 2013	\$81.4 million
Net profit attributable to shareholders FY2013	\$6.2 million
New home settlements - FY2013 (actual)	149
New home settlements - FY2014 (forecast)	200

- Substantial shareholders other than founders
 - Colonial First State Investment Limited
 - Perennial Investment Partners Limited
 - Endeavour Asset Management Pty Ltd
 - Cooper Investors Pty Ltd

QUESTIONS?



Lifestyle Communities - Downsize to a Bigger Life