



**Annual General Meeting  
20 November 2014**



- 1. Introduction from Chairman**
- 2. Presentation from Managing Director**
- 3. Formal business**



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# 1. Introduction from Chairman - Tim Poole



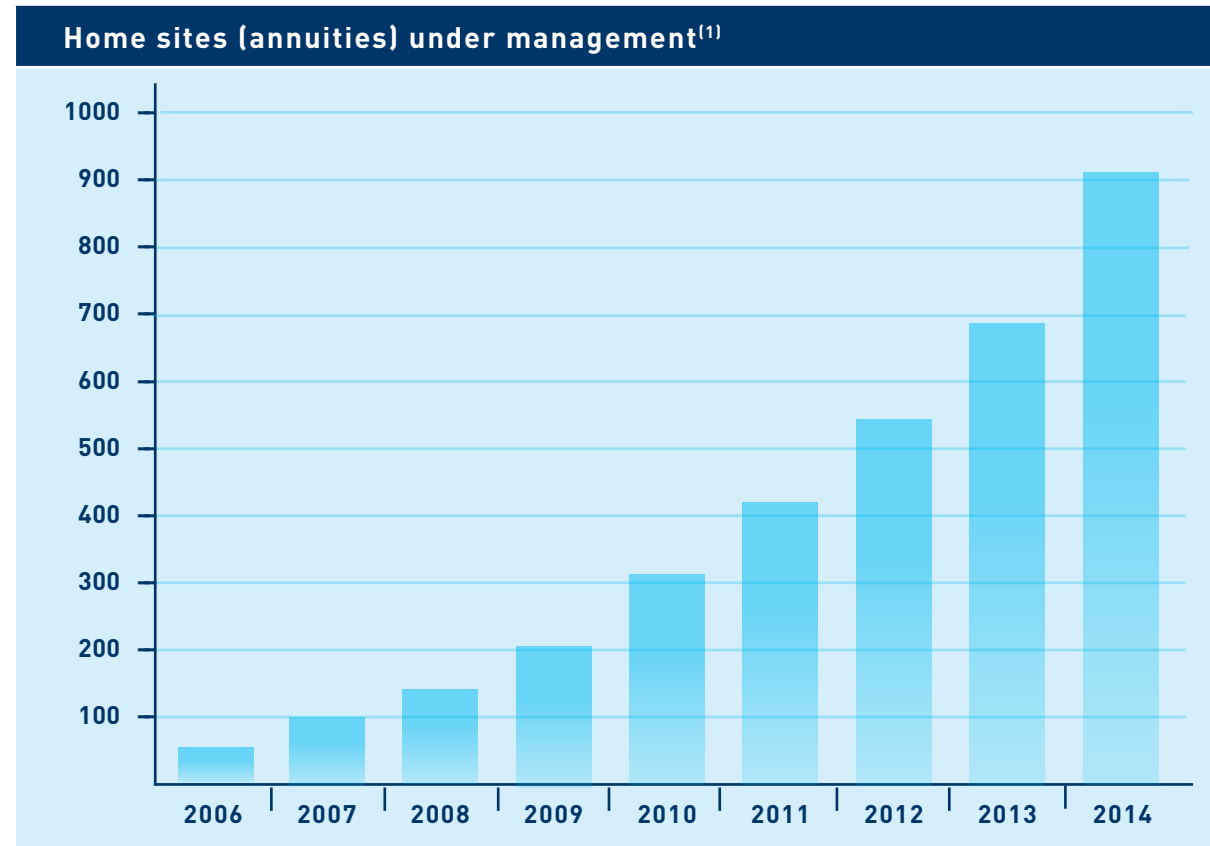


**Three additional sites acquired during the last 12 months**



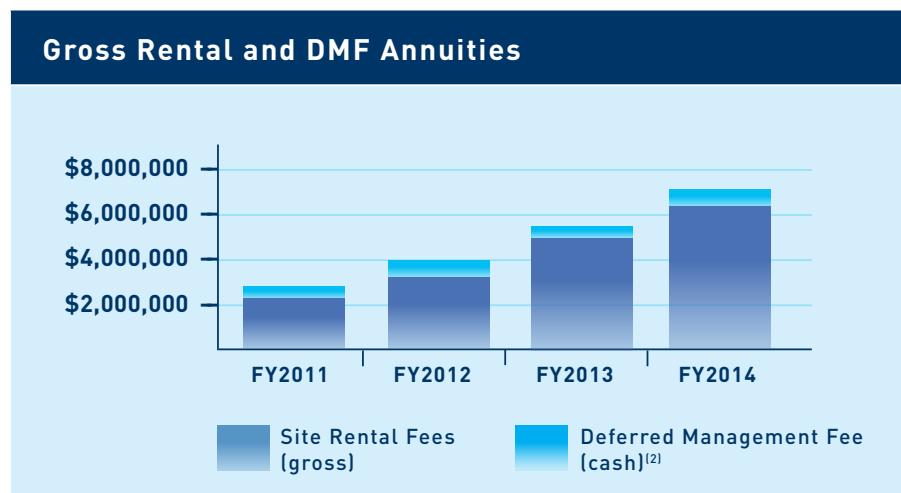
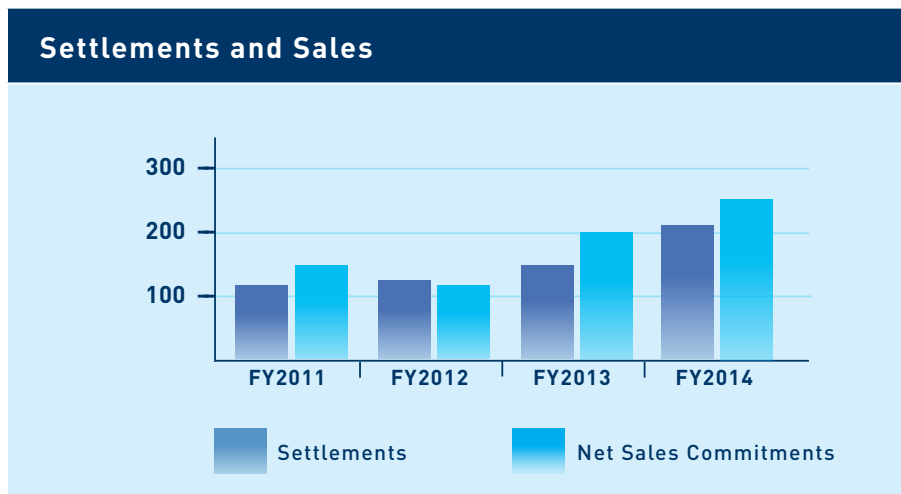
## Lifestyle Communities delivered strong growth during FY2014

- Another strong year of settlements (211) and sales (267)<sup>(1)</sup>
- 906 occupied home sites at year end<sup>(1)</sup>
- Over 1,300 homeowners at year end<sup>(1)</sup>
- Portfolio of 1,779 home sites at year end<sup>(1) (2)</sup>
- 23 resale settlements during the year
- Settled two new sites at Wollert and Geelong and an expansion site at Chelsea Heights



## A proven business model structured for sustainable growth

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



- Another strong year of settlements and sales
  - 211 home settlements in FY2014 compared to 149 in FY2013<sup>(1)</sup>
  - 267 net sales commitments in FY2014 compared to 190 in FY2013<sup>(1)</sup>
- Achieved 23 resale settlements in FY2014 compared to 10 in FY2013
- Annual rental income \$6.5 million
- 23 resales provided DMF of \$0.9 million<sup>(2)</sup>

## Continued growth in annuity income as portfolio builds

Notes: (1) Represents gross numbers not adjusted for joint venture interests  
 (2) Inclusive of selling and administration fees



Profit & Loss highlights	FY2013 (\$'000)	FY2014 (\$'000)	% Movement
Home settlement revenue	36,552	54,812	↑ 50%
Rental revenue	4,892	6,549	↑ 34%
Deferred management fee <sup>(1)</sup>	381	910	↑ 139%
<b>Total revenue</b>	<b>43,459</b>	<b>63,718</b>	<b>↑ 47%</b>
Cost of sales	(28,298)	(41,057)	
Home settlement margin	23%	25%	↑ 2%
<b>Gross profit</b>	<b>15,161</b>	<b>22,660</b>	<b>↑ 49%</b>
Fair value adjustments	9,825	12,254	↑ 25%
Development expenses	(3,450)	(3,263)	↓ 5%
Community management expenses	(2,128)	(3,462)	↑ 63%
Corporate overheads	(3,500)	(3,801)	↑ 9%
Finance costs	(2,077)	(2,228)	↑ 7%
<b>Net profit before tax</b>	<b>12,864</b>	<b>21,074</b>	<b>↑ 64%</b>
Net profit after tax			
<b>Members of the parent</b>	<b>6,965</b>	<b>12,278</b>	<b>↑ 76%</b>
Non-controlling interests	2,471	3,852	↑ 56%
<b>Total net profit after tax</b>	<b>9,436</b>	<b>16,130</b>	<b>↑ 71%</b>

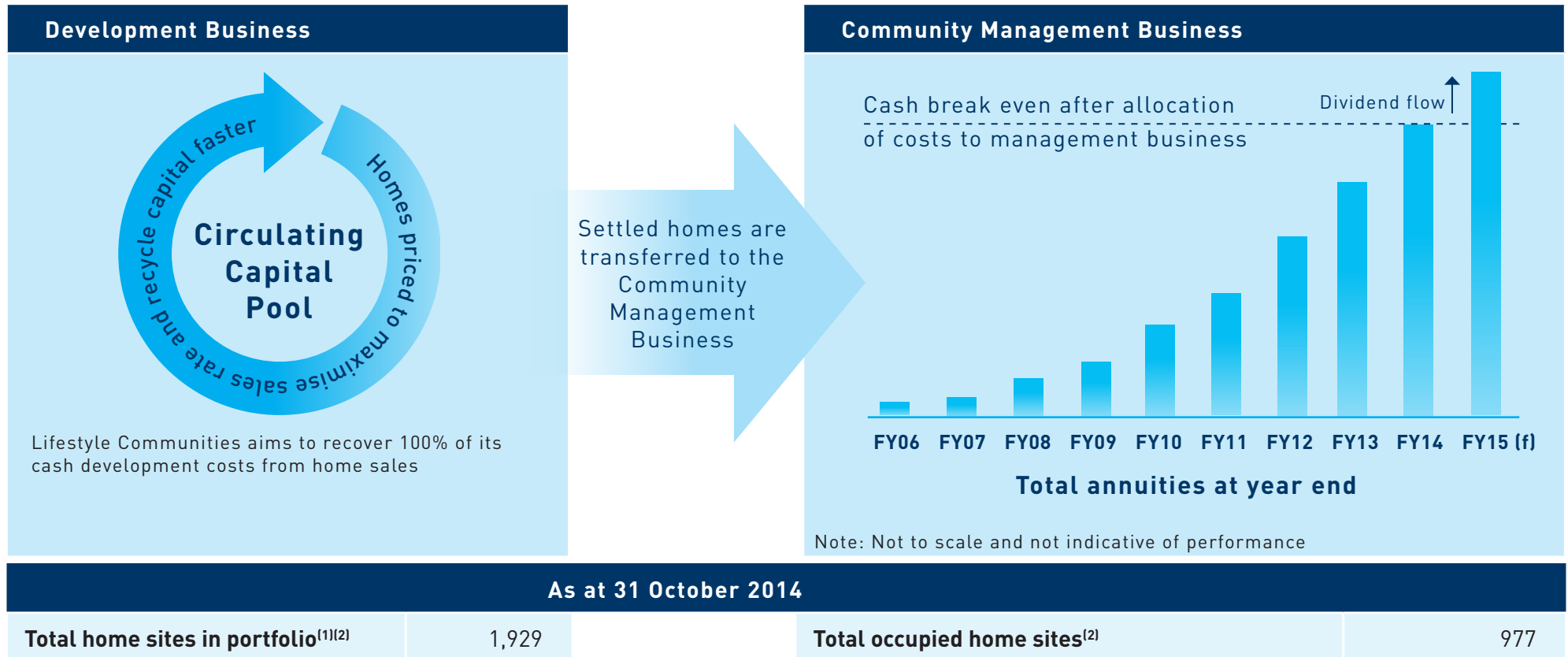
- Net profit attributable to shareholders up 76% to \$12.3 million
- Home settlement revenue up \$18.3 million to \$54.8 million; average realisation uplift of 6% to \$286k (GST inclusive)
- Cash deferred management fees up by 139% to \$0.9 million (inclusive of selling and administration fees)
- Development expenses in FY2013 included \$0.65 million investment in marketing, expenses in FY2014 are at normalised levels based on number of active developments
- Community management expenses increased due to homeowners now residing at Lifestyle Hastings and a full year of operations at Lifestyle Chelsea Heights. This is in addition to normal growth within mature communities

## Profit growth in line with increased settlements

Note: (1) Inclusive of selling and administration fees



## Lifestyle Communities has a low risk sustainable business model that does not require further equity from the market



**Subject to the continued performance of the business in FY2015 we forecast that free cash flow from the community management business will provide a dividend in respect of FY2015**

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





- Build on the key themes of the ageing population, affordability and the emerging baby boomer
- Maintain a strong balance sheet and liquidity buffer without requiring further equity
- Pay dividends from after tax operating cash flow generated from community management business
- Focus in Victoria to capitalise on growing population and the continued lack of supply of affordable housing
- Drive sales to recycle capital faster allowing for development of a new community every 12 months





## 2. Presentation from Managing Director - James Kelly





<b>Housing Market</b>	<ul style="list-style-type: none"> <li>The continued strength of the Melbourne housing market has improved consumer confidence and their ability to sell existing homes.</li> </ul>
<b>Land Access</b>	<ul style="list-style-type: none"> <li>Focused on acquiring land in the key growth corridors in Melbourne. We have been successful in acquiring sites located in Geelong, Rosebud and Officer since the last AGM and are actively looking for the next site.</li> </ul>
<b>Demand</b>	<ul style="list-style-type: none"> <li>Sales for 2014 were 267<sup>(1)</sup> home sales which was up 41% on FY2013. Sales from July to October 2014 remain strong with communities meeting or exceeding expectations.</li> </ul>
<b>Settlements</b>	<ul style="list-style-type: none"> <li>Settlements for FY2014 were 211<sup>(1)</sup>. This was an increase on the 149 achieved in FY2013.</li> </ul>
<b>Marketing Strategy</b>	<ul style="list-style-type: none"> <li>FY2014 marketing was balanced between brand and awareness building by more traditional channels (radio and metro newspaper) and driving community enquiry by digital and localised channels (local newspaper, events, signage). In the year ahead a strategic focus is being placed on developing a more structured resales marketing program and continuing to differentiate the Lifestyle Communities brand within the retirement market segment with the emerging baby boomer generation.</li> </ul>

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



## Since the AGM last year we have secured:

1. A new site located in Bell Park, Geelong. This site has added 164 homes to the pipeline. Construction has commenced in November 2014.
2. A new site located in Rosebud, on Melbourne's Mornington Peninsula. This site has added 150 homes to the pipeline. The settlement of the land is subject to planning. A planning permit application has recently been lodged.
3. A new site located in Officer between Berwick and Pakenham in the south-eastern suburbs of Melbourne. This site has added 150 homes to the pipeline. Settlement of land is contracted to occur in October 2015.

We are continuing to assess a number of new sites.





	New home settlements	New homes - net sales commitments	Resale homes settlements	Resale homes - net sales commitments
	JUL-14 to OCT-14	JUL-14 to OCT-14	JUL-14 to OCT-14	JUL-14 to OCT-14
Brookfield	-	-	6	6
Tarneit	1	-	1	4
Warragul	8	1	3	6
Cranbourne <sup>(1)</sup>	20	13	1	3
Shepparton	12	22	-	-
Chelsea Heights <sup>(1)</sup>	2	6	-	1
Hastings	28	25	-	-
Wollert	-	5	-	-
Geelong	-	9	-	-
Rosebud	-	-	-	-
Officer	-	-	-	-
<b>Total</b>	<b>71</b>	<b>81</b>	<b>11</b>	<b>20</b>

- On target to achieve on or around 100<sup>(1)</sup> new home settlements for 1HFY2015
- Expect on or around 230 new home settlements for FY2015 assuming market conditions do not change
- Continued strong sales and settlements at Hastings
- Improved sales at Shepparton mirroring the improvement in the local economy and a successful targeted marketing campaign
- Improved sales and settlements at Cranbourne
- Resales have continued to increase, largely due to an increased strategic focus within the business coupled with the maturing age profile at established communities
- Good initial enquiry at Wollert and Geelong which is a lead indicator of sales once construction commences

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



## Lifestyle Communities' portfolio continues to grow

Communities	Total home sites in communities	Home sites sold & occupied	Home sites sold & awaiting settlement	Homes occupied or sold and awaiting settlement	
				#	%
<b>Existing Communities – Sold out</b>					
Melton	228	228	-	228	100%
Tarneit	136	136	-	136	100%
Warragul	182	176	6	182	100%
<b>Existing Communities – Selling and Settling</b>					
Cranbourne <sup>(1)</sup>	217	193	17	210	97%
Shepparton	221	72	38	110	50%
Chelsea Heights <sup>(1)</sup>	186	99	80	179	96%
Hastings	141	73	62	135	96%
Wollert	154	-	25	25	16%
Geelong	164	-	9	9	5%
<b>New Communities - Awaiting Commencement</b>					
Rosebud <sup>(2)</sup>	150	-	-	-	-
Officer <sup>(2)</sup>	150	-	-	-	-
<b>Total Home Sites<sup>(3)</sup></b>	<b>1,929</b>	<b>977<sup>(4)</sup></b>	<b>237<sup>(5)</sup></b>	<b>1,214</b>	<b>63%</b>

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 1,727 home sites

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

(5) Represents sites in the sales bank awaiting settlement as at 31 October 2014



- Market sentiment in Victoria remains positive and the Lifestyle Communities brand continues to appeal to the emerging baby boomer generation
- We expect new home settlements for the first half to be on or around 100<sup>(1)</sup> homes
- Assuming market conditions do not change materially we expect new home settlements for FY2015 to be on or around 230<sup>(1)</sup> (compared with 211<sup>(1)</sup> for FY2014)
- Settlement performance for FY2015 year to date, particularly at Cranbourne and Shepparton, has exceeded our budget expectations
- Good consumer response at both Wollert and Geelong
- Continuing to assess additional land opportunities



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



### 3. Formal Business







## Resolution 1: Approval of the Lifestyle Communities Limited Remuneration Report

The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstention	Proxy's Discretion
44,157,257	1,037,645	14,769	123,243



## Resolution 2: Re-election of Mr Tim Poole, retiring by rotation

The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstention	Proxy's Discretion
71,259,077	264,614	121	125,743



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